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This report deals with (1) projections of estimated revenues to the General Fund of the State of California (on the basis of the tax structure as revised by the 1959 session of the California State Legislature), (2) projections of estimated expenditures for other claimants on the general fund besides public higher education (on the basis of no changes in the scope and quality of service rendered), and (3) some measures of the relative fiscal effort of the several States in their financial support of public higher education. The report was prepared for the liaison committee of the regents of the University of California and the State board of education and for the master plan survey team.

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CALIFORNIA'S ABILITY TO FINANCE HIGHER EDUCATION, 1960-1975

Prepared for the Liaison Committee of The Regents
of the University of California and the State Board
of Education and for the Master Plan Survey Team

by the

Technical Committee on California's
Ability to Finance Higher Education

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Dr. Arthur G. Coons
President, Occidental College
1600 Campus Road
Los Angeles 41, California

Dear Dr. Coons:

In accordance with the action of the Liaison Committee of the State Board of Education and The Regents of the University of California on July 8, 1959, in approving the appointment of a representative committee to study costs of higher education in California to 1975, and your subsequent letter outlining the scope of the committee's responsibility, we have prepared and now transmit our final report entitled CALIFORNIA'S ABILITY TO FINANCE HIGHER EDUCATION, 1960-1975. In the preparation of this report we have endeavored to follow the suggestions on format, organization, headings, length of report and the like, as contained in the August 17, September 18, and December 1 memoranda from your office.

Special recognition is hereby given to the assistance of Professor George Break of the Department of Economics of the University of California for his advice and counsel, though he was not a member of the committee. In addition to Professor Break, Martin Caravano, graduate student of the University of California, labored long, faithfully, and most efficiently in the preparation of the report.

Very cordially yours,

Malcolm M. Davisson
Procter Thomson
Stuart Marsee
J. O. McClintic, Chr.

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CALIFORNIA'S ABILITY TO FINANCE HIGHER EDUCATION, 1960-1975

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PART I

GENERAL FUND REVENUES FOR STATE OPERATIONS

The present report deals with (1) projections of estimated revenues to the General Fund of the State of California, on the basis of the tax structure as revised by the 1959 session of the California State Legislature; (2) projections of estimated expenditures for other claimants on the General Fund besides public higher education, on the basis of no changes in the scope and quality of service rendered; and (3) some measures of the relative fiscal effort of the several states in their financial support of public higher education.

In projecting the estimates of revenues and expenditures, as well as the basic estimates of the personal income base from which revenues are drawn, it is assumed that the general price level will be stable and constant throughout the period under consideration. The estimates are made in "1958-59 dollars."

It is assumed that the existing tax structure as to rates and exemptions will remain constant for the period under consideration and that the expenditure programs of the State for purposes other than higher education will remain unchanged as to scope and quality. The term "existing tax structure" is inclusive of the additions and changes made by the 1959 Legislature. The assumptions made concerning these changes are discussed in connection with the separate tax revenue projections. Although it is extremely unlikely that there will be no changes in the tax structure, it is the province of the Legislature to decide upon and make the necessary changes. Similar assumptions are made with regard to expenditures from the General Fund.

The growth of revenue anticipated in the projections stems from an increase in the tax base and not from further increases in tax rates.

Projections as to expenditures, based on the maintenance of the existing scope and quality of programs other than higher education as they affect the General Fund, should not be interpreted as suggestions that such programs should or should not be so maintained.

Since support for public higher education from the State of California is derived solely from the General Fund, only revenues to and expenditures from the General Fund are considered in this study.

Where it is deemed possible and appropriate, alternative "high" and "low" estimates of revenue are made. Underlying these estimates are the assumptions that: (1) there will be no significant change in the international relations of the United States; (2) productivity per man-hour will continue to rise at approximately its recent historical average rate per year; and (3) average number of hours of work will not be changed substantially.

The projections of population size and composition, of the sum of personal incomes, and of the relationships between these and the total of revenues and expenditures all require the assumption that existing trends and relationships will remain constant or will be modified in ways that can be reasonably anticipated from collateral facts. The basic changes that are assumed are those of population and income.

The estimates made are subject to greater sources of probable error for any particular year than they are for the period as a whole, or at least until the more remote years are reached, since in any one year the levels of employment, income, and expenditures could not be predicted with a high degree of certainty. It appears reasonable to assume that the policies of the Federal Government designed to produce high levels of economic activity and of employment, together with a high degree of stability, will bear fruit during the period. Projections are made on the basis of "full employment."

The Relationship of General Fund Revenues to Personal Incomes

For a number of years preceding 1959, the tax structure in California at the state level was not greatly changed. This fact has made it possible to establish reasonably stable relationships between the yield of certain specific taxes and other economic variables. There is, for example, a relatively close relationship between the sum of personal incomes in California and the yield of the retail sales and use tax.

There is an important connection between the population of the State and the sum of personal incomes. Table 1 shows the estimated population of California for past years and the projected estimates of population through 1975; it also shows the estimates of that portion of the population twenty-one years of age and over.

TABLE 1

California's Civilian Population, 1950-1975

Year July 1	Total population[1]	Annual per cent change	Population age twenty-one and over
	Estimated		
1950	10,348,000	-	7,098,000
1951	10,681,000	2.3	7,190,000
1952	11,299,000	5.8	7,459,000
1953	11,748,000	4.0	7,650,000
1954	12,254,000	4.3	7,877,000
1955	12,699,000	3.6	8,077,000
1956	13,260,000	4.4	8,352,000
1957	13,869,000	4.6	8,646,000
1958	14,432,000	4.1	8,914,000
1959	14,960,000	3.8	9,175,000
	Projected		
1960	15,530,000	3.7	9,439,000
1961	16,096,000	3.6	9,712,000
1962	16,669,000	3.6	9,994,000
1963	17,252,000	3.5	10,289,000
1964	17,847,000	3.4	10,613,000
1965	18,454,000	3.4	10,934,000
1966	19,074,000	3.4	11,260,000
1967	19,716,000	3.4	11,594,000
1968	20,383,000	3.4	11,997,000
1969	21,074,000	3.4	12,410,000
1970	21,790,000	3.4	12,822,000
1971	22,531,000	3.4	13,259,000
1972	23,297,000	3.4	13,710,000
1973	24,089,000	3.4	14,176,000
1974	24,908,000	3.4	14,658,000
1975	25,755,000	3.4	15,157,000

---

[1] The total population data for 1950 through 1970 are from "California's Population in 1959," State Department of Finance, Sacramento, August, 1959. The total population data for 1971 through 1975 were determined by extending the 1970 projection 3.4 per cent annually.

The Estimates of Civilian Personal Income

The total of personal incomes in the State depends principally upon the size of the labor force and the resources it employs and upon the price level. Projections of the sum of personal incomes require some assumptions concerning each of these factors.

Basically, in this report, two approaches have been used. These will be designated as Series I and Series II. Series I is the basis for the "low" estimates as reported below, whereas Series II is the basis for the "high" estimates.

Series I makes use of a recent study of Income Trends in the United States by Bonar Brown and Janet Hansen Tate of the Stanford Research Institute. These estimates are made in terms of 1947 dollars and include military personal incomes. Series I takes the per capita estimates of the Brown and Tate study in 1947 dollars and converts them into 1958 dollars, interpolating for the intervening years through a straight line method. This is necessary because later estimates were made as of five-year intervals. This series of projected annual personal incomes on a per capita basis is then multiplied by the population projections shown in Table 1 to yield the sum of personal incomes as projected to 1975. The historical data on which the Brown and Tate projections are based related primarily to the years 1929 to mid-1957, years that include varying degrees of employment and productions which are at the base of personal income.

The concept of personal income employed by Brown and Tate is thus defined — "it is measured before deduction of income and other direct personal taxes, but after deduction of individuals' contributions to social security, government retirement, and other social insurance programs."[1] The results of this approach are presented in Table 2.

---

[1] Bonar Brown and Janet H. Tate, Income Trends in the United States Through 1957. Stanford, California: Stanford Research Institute, December, 1957, p. 5.

TABLE 2

Estimated Civilian Personal Income - Series 1

(1) Calendar year	(2) Estimated personal income per capita 1947 dollars (in thousands)	(3) Conversion factor	(4) Estimated personal income per capita 1958 dollars	(5) Estimated civilian population (in thousands)	(6) Estimated civilian personal income (in millions)	(7) Annual absolute change in civilian personal income (in millions)	(8) Annual per cent change in civilian personal income
1958		1.293	$2,570	14,432	$37,090		
1959			2,579	14,960	38,582		
1960	$2,001		2,588	15,530	40,192	$1,610	4.2
1961			2,626	16,096	42,268	2,076	5.2
1962			2,664	16,669	44,406	2,138	5.1
1963			2,703	17,252	46,632	2,226	5.0
1964			2,741	17,847	48,919	2,287	4.9
1965	2,149		2,779	18,454	51,284	2,365	4.8
1966			2,826	19,874	53,903	2,619	5.1
1967			2,874	19,716	56,664	2,761	5.1
1968			2,921	20,383	59,539	2,875	5.1
1969			2,969	21,074	62,569	3,030	5.1
1970	2,332		3,016	21,790	65,719	3,150	5.0
1971			3,067	22,531	69,103	3,384	5.1
1972			3,118	23,297	72,640	3,537	5.1
1973			3,170	24,089	76,362	3,722	5.1
1974			3,221	24,908	80,229	3,867	5.1
1975	2,530		3,272	25,755	84,271	4,042	5.0
							Average-5.0

Sources:
Column

(2) B. Brown and J. H. Tate. Income Trends in the U. S. Through 1975, California: Stanford Research Institute, December, 1957, p.99

(3) Ratio of Consumer Price Index in 1958 (123.5) to the Consumer Price Index in 1947 (95.5)

(4) 1958 - Senate of the State of California, Report of the Joint Legislative Tax Committee, May, 1959, p. 50.
1960, 1965, 1970, 1975 - Column 2 times Column 3.
Intervening years were obtained by linear interpolation.

(5) Table 1.

(6) Column 4 times Column 5.

Civilian Personal Income, Series 2

The second method for estimating civilian personal income depends upon approximating the full-employment labor force and its productivity. By using 1957, the most recent full-employment year, a figure for personal income per employed civilian was ascertained. It was assumed for this derivation that the full-employment civilian labor force approximates seventy-four per cent of the estimated civilian population from twenty to sixty-four years of age (inclusive); specifically, the actual civilian personal income for 1957[1] was divided by seventy-four per cent of the civilian population[2] in these age groups that year.

After this figure for personal income per employed civilian (1957) was obtained, the further assumption of a 2.5 per cent annual productivity increase was made (2.5 per cent approximates the 1951-57 average annual increase in constant-dollar California personal income per employed civilian). Based upon this assumption, projections of personal income per employed civilian for future years were derived by increasing the 1957 figure by 2.5 per cent annually (compounded).

The final estimation of Civilian Personal Income, Series 2, (see Table 3) is the result of multiplying the estimated personal income per employed civilian by the full-employment civilian labor force, i.e., seventy-four per cent of civilian population from twenty to sixty-four years of age, inclusive.[2]

---

[1] Survey of Current Business. Washington, D.C.: U.S. Department of Commerce, August, 1958.

[2] California's Population in 1958. Sacramento; Department of Finance, July, 1958, pp. 14-15.

TABLE 3

Estimated Civilian Personal Income - Series 2

(1) Calendar year	(2) Estimated civilian population twenty to sixty-four years of age (in thousands)	(3) Estimated employed civilians (in thousands)	(4) Estimated personal income per employed civilian	(5) Estimated civilian personal income (in millions)
1958	7,923	5,863	$6,138	$35,987
1959	8,155	6,035	6,291	37,966
1960	8,396	6,213	6,448	40,061
1961	8,644	6,396	6,609	42,271
1962	8,913	6,596	6,774	44,681
1963	9,203	6,810	6,943	47,282
1964	9,509	7,037	7,116	50,075
1965	9,789	7,242	7,294	52,823
1966	10,073	7,454	7,476	55,726
1967	10,444	7,728	7,663	59,220
1968	10,819	8,006	7,854	62,879
1969	11,200	8,288	8,050	66,718
1970	11,580	8,569	8,251	70,703
1971	11,974	8,861	8,457	74,937
1972	12,381	9,162	8,668	79,416
1973	12,802	9,473	8,885	84,168
1974	13,237	9,795	9,107	89,203
1975	13,687	10,128	9,335	94,545

Sources:
Column

(2) Population estimates of 1950 through 1970, "California Population in 1958". Sacramento State Department of Finance. Population for 1971 through 1975 projected at annual increase of 3.4 per cent over the 1970 population estimate.

(3) .74 times Column 2.

(4) 1958—Civilian personal income for 1957 (U.S. Department of Commerce, Survey of Current Business) divided by 74 per cent of the estimated 1957 civilian population aged twenty to sixty-four and then multiplied by 1.025 (the assumed annual productivity increase). 1959 through 1975—Each entry is 1.025 times the preceding entry.

(5) Column 4 times Column 3.

Estimates of Revenue to the General Fund

The yield of each General Fund tax source is separately estimated and the total revenues to the General Fund are determined by adding together the yields of the several individual tax sources. The results are shown in the tables, which present the high and low estimates of General Fund revenues.

The differences between the high and low estimates of revenue to the General Fund from the retail sales and use taxes, the personal income tax, the bank and corporation franchise tax, and the insurance premiums tax arise from the use of alternative estimates of civilian personal income as previously described. The detailed methods used in the projections for each tax source follow.

Retail Sales and Use Taxes

The basis of the derivation of the maximum estimates is the past relationships between the yield of these taxes and civilian personal income. For the period 1950-59, the yield of the sales and use taxes averaged 1.81 per cent of the civilian personal income (this per cent derived by matching 1950-51 yield with 1950 income, etc.). The maximum projected yields, therefore, are the result of taking 1.81 per cent of Estimated Civilian Personal Income, Series 2.

The basis for the determination of the minimum estimates is the average annual per cent of change in the civilian personal income estimates of Series 1. That is, for this series, on the average the civilian personal income in a particular year is 105 per cent of that of the preceding year. These minimum estimates of yield from the retail sales and use taxes (see Table 4) are then, for each year, 105 per cent of that of the preceding year, beginning with the revised Department of Finance estimate for 1959-60 as the base. The implicit assumption underlying this technique of estimation is that the elasticity of the yield of these taxes with respect to civilian personal income is unity. Such a relationship has generally prevailed in past years.

The Alcoholic Beverage Taxes

The purchases of alcoholic beverages appear to be more closely related to the size of the adult population than to civilian personal incomes. This relationship has been relied upon in the projection of the estimates of the yield of these taxes. Adult population (i.e., those twenty-one years of age and over) has been related to appropriate historical yields to establish the per capita base.

Population projections for this age range have been made by the Department of Finance up to and including 1970. The projections for the period 1971-75 have been made as follows:

1. The per cent of those aged twenty-one and over in relation to the total population was calculated for the years of the 1950's.
2. The Department of Finance projections for the years of the 1960's were used to give the corresponding per cents for those years.

3. This per cent, described in (1) and (2), declines steadily from 1950 to 1965. Beginning with 1966, there is a distinct stability in the per cent through 1970, with a variation not exceeding three-tenths of one per cent. Since for the last four years of this period the per cent was approximately fifty-nine, this figure was used in projecting the per cent of the population twenty-one years of age and over for the years 1971-75.

Distilled Spirits Excise. In view of the change in tax rates effective July 1, 1955, the experience of only the fiscal years ending June 30, 1956-58, has been used. On this basis, the average per capita yield was $3.97.

Beer. The revenues from beer taxes also fit the per capita pattern best. With the annual revenues for the years 1950-58 as a basis, the average per capita yield was $0.453. Effective with the fiscal year 1959-60, the tax rate on beer was increased from two cents to four cents per gallon. The amount of the price change required to cover the added tax is very small, even with the assumption that prices are increased to cover the full amount of the increased tax. For that reason, an assumption of zero elasticity is made, and the result will be that the estimates of increased tax revenues from beer will be doubled with the doubling of the tax rate. A per capita annual revenue of $0.91 is, therefore, predicted.

Wines. Because of a change in the tax rates made in 1955, only the experience of the fiscal years ending June 30, 1956-58, could be used to determine a per capita yield estimate for the taxes on wines. An average per capita yield of $.07 was derived for those years. This figure forms the basis for the projected estimates of the yield of this tax.

Summary. Thus, the per capita figure for the alcoholic beverages taxes is the total for the three taxes just discussed. This figure, $4.95, is applied to the projected population, excluding those under twenty-one years of age, to determine the future estimated revenue. Additional revenue is obtained from liquor licenses, which is assumed to remain constant at $2,430,000 annually (see Table 5).

TABLE 4

Estimated Yield of Retail Sales and Use Taxes - Fiscal Years 1960-61 Through 1974-75

	Minimum Estimates		Maximum Estimates[1]	
Fiscal year	Series 1 civilian personal income estimates (in millions of dollars)	Estimated revenue based upon 5 per cent annual increase (in thousands of dollars)	Series 2 civilian personal income (in millions of dollars)	Estimated revenue based upon 1.81 per cent of Series 2 civilian personal income (in thousands of dollars)
1960-61	$ 42,268	$ 712,950	$ 42,271	$ 725,104
1961-62	44,406	748,598	44,681	765,105
1962-63	46,632	786,028	47,282	808,726
1963-64	48,919	825,329	50,075	855,804
1964-65	51,284	866,595	52,823	906,358
1965-66	53,903	909,925	55,726	956,096
1966-67	56,664	955,421	59,220	1,008,641
1967-68	59,539	1,003,192	62,879	1,071,882
1968-69	62,569	1,053,352	66,718	1,138,110
1969-70	65,719	1,106,020	70,703	1,207,596
1970-71	69,103	1,161,321	74,937	1,279,724
1971-72	72,640	1,219,387	79,416	1,356,360
1972-73	76,362	1,280,356	84,168	1,437,430
1973-74	80,229	1,344,374	89,203	1,523,441
1974-75	84,271	1,411,593	94,548	1,614,574

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[1] The estimates of revenue for each fiscal year, indicated in the column at the far right, were derived as 1.81% of the Series 2 Civilian Personal Income during the calendar year in which the fiscal year begins. For example, the estimated revenue of $765,105,000 for 1961-62 (July 1 to June 30, inclusive) was computed as 1.81% of $42,271,000,000, the estimated civilian personal income for the calendar year of 1961.

TABLE 5

Estimated Yield of Alcoholic Beverage Taxes and License Fees, 1960-61 Through 1974-75

Fiscal year	Estimated population 21 years of age and over	Estimated per capita yield (in dollars)	Estimated revenue (in thousands of dollars)	Total revenue including $2,430,000 annually for license fees (in thousands of dollars)
1960-61	9,712,000	$4.95	$48,074	$50,504
1961-62	9,994,000	4.95	49,470	51,900
1962-63	10,289,000	4.95	50,931	53,361
1963-64	10,613,000	4.95	52,534	54,964
1964-65	10,934,000	4.95	54,123	56,553
1965-66	11,260,000	4.95	55,737	58,167
1966-67	11,594,000	4.95	57,390	59,820
1967-68	11,997,000	4.95	59,385	61,815
1968-69	12,410,000	4.95	61,430	63,860
1969-70	12,822,000	4.95	63,469	65,899
1970-71	13,259,000	4.95	65,632	68,062
1971-72	13,710,000	4.95	67,865	70,295
1972-73	14,176,000	4.95	70,171	72,601
1973-74	14,658,000	4.95	72,557	74,987
1974-75	15,157,000	4.95	75,027	77,457

Bank and Corporation Franchise Taxes

The basis for the projection of the bank and corporation taxes yield is the ratio of the yields of these taxes to civilian personal income.

For 1950-51 through 1959-60, this ratio is remarkably stable. The individual ratios of fiscal-year yield to calendar-year income (fiscal 1950-51 being matched with calendar 1950, etc.) range from .0049 to .0055, the average for the ten-year period being .0051.

The stability of this ratio makes its use in projection seem reasonable. Estimates for the bank and corporation taxes yield (see tables 6 and 7) under existing law were thus determined by taking .51 per cent of the appropriate year estimate of civilian personal income. These estimates were then corrected to take into account the change in existing law. It was assumed for making this correction that the per cent of increase (full-year effect) anticipated in 1959-60 could be expected in future years. The Department of Finance shows in its revised estimates for 1959-60 that it anticipates the yield from bank and corporation taxes to be 1.32 of its former yield as a result of the full-year effect of the tax law change. Thus, the estimates of future yields under existing law obtained by multiplying civilian personal income by .0051 were corrected for the change in law by taking 1.32 per cent of each estimate. The minimum estimates were derived by use of Civilian Personal Income, Series I; the maximum estimates were derived by use of Series II.

TABLE 6

Estimated Yield of State Bank and Corporation Taxes, Including Franchise and Income Taxes — Minimum Estimates Based Upon Civilian Personal Income, Series 1. 1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income,[1] series 1 (in millions of dollars)	Uncorrected estimates of the bank and corporation franchise tax yield[2] (in thousands of dollars)	Estimated yield of bank and corporation franchise tax[3] (in thousands of dollars)
1960-61	$ 40,192	$ 204,979	$ 270,572
1961-62	42,268	215,567	284,548
1962-63	44,406	226,471	298,942
1963-64	46,632	237,823	313,938
1964-65	48,919	249,487	329,323
1965-66	51,284	261,548	345,243
1966-67	53,903	274,905	362,875
1967-68	56,664	288,986	381,462
1968-69	59,539	303,649	400,817
1969-70	62,569	319,102	421,215
1970-71	65,719	335,167	442,420
1971-72	69,103	352,425	465,201
1972-73	72,640	370,464	489,012
1973-74	76,362	389,446	514,069
1974-75	80,229	409,168	540,102

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[1] Estimated civilian income is for the calendar year ending in the first half of each fiscal year. These figures appear in column 6 of Table 2, page 5.

[2] The uncorrected estimates of the bank and corporation franchise tax yield were derived as .0051 of the estimated civilian personal income, series 1. This figure represents the average ratio of yield to income for the years, 1950-51 through 1959-60.

[3] A factor of 1.32 was used to revise the uncorrected estimates to conform with the provisions of a new tax law.

TABLE 7

Estimated Yield of State Bank and Corporation Taxes, Including Franchise and Income Taxes -- Maximum Estimates Based Upon Civilian Personal Income, Series 2. 1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income,[1] series 2 (in millions of dollars)	Uncorrected estimates of the bank and corporation franchise tax yield[2] (in thousands of dollars)	Estimated yield of bank and corporation franchise taxes[3] (in thousands of dollars)
1960-61	$ 40,061	$ 204,311	$ 269,690
1961-62	42,271	215,582	284,568
1962-63	44,681	227,873	300,792
1963-64	47,282	241,138	318,302
1964-65	50,075	255,382	337,104
1965-66	52,823	269,397	355,604
1966-67	55,726	284,203	375,148
1967-68	59,220	302,022	398,669
1968-69	62,879	320,683	423,302
1969-70	66,718	340,262	449,146
1970-71	70,703	360,585	475,972
1971-72	74,937	382,179	504,476
1972-73	79,416	405,022	534,629
1973-74	84,168	429,257	566,619
1974-75	89,203	454,935	600,514

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[1] Estimated civilian income is for the calendar year ending in the first half of each fiscal year. These figures appear in column 5 of Table 3, page 7.

[2] The uncorrected estimates of the bank and corporation franchise tax yield were derived as .0051 of the estimated civilian personal income, series 2. This figure is the average ratio of yield to income for the years, 1950-51 through 1959-60.

[3] A factor of 1.32 was used to revise the uncorrected estimates to conform with the provisions of a new tax law.

Inheritance and Gift Taxes

Estimating inheritance and gift taxes on the basis of past magnitudes or past relationships to other variables is a somewhat hazardous undertaking because the base of the tax--the net value of estates changing hands during the year--is likely to vary erratically.

The estimated yields of the inheritance and gift taxes (Table 8) result from increasing the Department of Finance's revised estimate for 1959-60 by the same rates of increase during each succeeding year as those found in the two projected civilian personal income series. The minimum estimates of yields were determined by using the 5 per cent average annual increase of Estimated Civilian Personal Income, Series I, the maximum by using the 5.9 per cent average increase of Series II.

TABLE 8

Estimated Yield of Inheritance and Gift Taxes Fiscal Years 1960-61 Through 1974-75

(1) Fiscal year	(2) Minimum estimated yield of inheritance and gift taxes (in thousands of dollars)	(3) Maximum estimated yield of inheritance and gift taxes (in thousands of dollars)
1960-61	$55,400	$55,900
1961-62	58,200	59,200
1962-63	61,100	62,700
1963-64	64,200	66,400
1964-65	67,400	70,300
1965-66	70,800	74,400
1966-67	74,300	78,800
1967-68	78,000	83,400
1968-69	81,900	88,300
1969-70	86,000	93,500
1970-71	90,300	99,000
1971-72	94,800	104,800
1972-73	99,500	111,000
1973-74	104,500	117,500
1974-75	109,700	124,400

Source:
Column
(2) Data for the 1960-61 fiscal year were derived by increasing the revised Department of Finance's estimate for the 1959-60 fiscal year 5 per cent; that for each succeeding year by a similar per cent over the year preceding it.
(3) Data for the 1960-61 fiscal year were derived by increasing the revised Department of Finance's estimate for the 1959-60 fiscal year 5.9 per cent; that for each succeeding year by a similar per cent over the year preceding it.

Horse Racing (Pari Mutuel) License Fees

For estimation of revenues of the horse racing (pari mutuel) license fees (Tables 9 and 10) it is assumed that the amount wagered in pari mutuel pools is directly related to the level of civilian personal income.

Minimum and maximum projections were obtained using the average annual per cent changes of the two civilian personal income series. The Department of Finance revised estimate for 1959-60 was increased annually by 5.0 per cent for the minimum estimates, and 5.9 per cent for the maximum estimates.

By law, a part of these proceeds go into the General Fund and a part into Special Funds.

TABLE 9

Estimated Yield of Horse Racing (Pari Mutuel)
License Fees, General Fund Share —
Minimum Estimates
1960-61 Through 1974-75

Fiscal year	Estimated yield of horse racing (pari mutuel) license fees General Fund Share[1] (in thousands of dollars)
1960-61	$ 17,745
1961-62	18,632
1962-63	19,564
1963-64	20,542
1964-65	21,569
1965-66	22,647
1966-67	23,779
1967-68	24,968
1968-69	26,216
1969-70	27,527
1970-71	28,903
1971-72	30,348
1972-73	31,865
1973-74	33,458
1974-75	35,131

[1] Since the annual rate of increase in the civilian personal income, series 1, was 5 per cent, it was determined that the same rate should be used to estimate the annual increases of yield from the General Fund Share of the horse racing license fees. These projections were based upon a Department of Finance estimate of $16,900,000 as the yield in 1959-60.

TABLE 10

Estimated Yield of Horse Racing (Pari Mutuel) License Fees, General Fund Share — Maximum Estimates 1960-61 Through 1974-75

Fiscal year	Estimated yield of horse racing (pari mutuel) license fees General Fund Share[1] (in thousands of dollars)
1960-61	$ 17,897
1961-62	18,953
1962-63	20,071
1963-64	21,255
1964-65	22,509
1965-66	23,837
1966-67	25,243
1967-68	26,732
1968-69	28,309
1969-70	29,979
1970-71	31,748
1971-72	33,621
1972-73	35,605
1973-74	37,706
1974-75	39,931

[1] Since the annual rate of increase in the civilian personal income, series 2, was 5.9 per cent, it was determined that the same rate should be used to estimate the annual increases of yield from the General Fund Share of the horse racing license fees. These projections were based upon a Department of Finance estimate of $16,900,000 as the yield in 1959-60.

Insurance Gross Premiums Tax

The average of the past ratios of the yield from the insurance gross premiums tax to civilian personal income (Tables 11 and 12) is approximately .0014. Projections of revenue as they would have been under the old law were derived by taking 0.14 per cent of the two civilian personal income series. These projections were then corrected to take into account the change in that law. That is, roughly 109 per cent of the "old law" estimates was used as the final projected yield under the new law. The 9 per cent increase attributable to the change in the law was used by the Department of Finance in its revised estimates for 1959-60.

TABLE 11

Estimated Yield of Insurance Gross Premiums Tax --
Minimum Estimates Based Upon Civilian Personal Income, Series 1
1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income[1] series 1 (in millions of dollars)	Uncorrected estimates of insurance gross premiums tax yield[2] (in thousands of dollars)	Estimated yield of insurance gross premiums tax[3] (in thousands of dollars)
1960-61	$ 42,268	$ 59,175	$ 64,560
1961-62	44,406	62,168	67,825
1962-63	46,632	65,285	71,226
1963-64	48,919	68,487	74,719
1964-65	51,284	71,798	78,332
1965-66	53,903	75,464	82,331
1966-67	56,664	79,330	86,549
1967-68	59,539	83,355	90,940
1968-69	62,569	87,597	95,568
1969-70	65,719	92,007	100,380
1970-71	69,103	96,744	105,548
1971-72	72,640	101,696	110,950
1972-73	76,362	106,907	116,636
1973-74	80,229	112,321	122,542
1974-75	84,271	117,979	128,715

[1] Estimated civilian income is for the calendar year ending in the first half of each fiscal year. These figures appear in column 6 of Table 2, page 5.

[2] The uncorrected estimates of insurance gross premiums tax yield were derived as .0014 of the estimated civilian personal income, series 1. This figure represents the average ratio of yield to income for the years, 1951 to 1958.

[3] A factor of 1.091 was applied to the uncorrected estimates to derive the estimated yield of the insurance gross premiums tax. This factor is based upon a Department of Finance estimate that the effect of a recent tax law change would be to increase the 1959-60 insurance gross premiums tax yield by 9.1 per cent, as indicated on page 10, "Summary of Final Legislative and Executive Action on the 1959 Budget Bill and Major Revenue and Special Appropriation Bills at the 1959 General Session", Prepared by the Legislative Analyst, July 30, 1959.

TABLE 12

Estimated Yield of Insurance Gross Premiums Tax — Maximum Estimates Based Upon Civilian Personal Income, Series 2 1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income[1] series 2 (in millions of dollars)	Uncorrected estimates of insurance gross premiums tax yield[2] (in thousands of dollars)	Estimated yield of insurance gross premiums tax[3] (in thousands of dollars)
1960-61	$ 42,271	$ 59,179	$ 64,564
1961-62	44,681	62,553	68,245
1962-63	47,282	66,195	72,219
1963-64	50,075	70,105	76,485
1964-65	52,823	73,952	80,682
1965-66	55,726	78,016	85,115
1966-67	59,220	82,908	90,453
1967-68	62,879	88,031	96,042
1968-69	66,718	93,405	101,905
1969-70	70,703	98,984	107,991
1970-71	74,937	104,912	114,459
1971-72	79,416	111,187	121,305
1972-73	84,168	117,835	128,558
1973-74	89,203	124,884	136,248
1974-75	94,545	132,367	144,412

[1] Estimated civilian income is for the calendar year ending in the first half of each fiscal year. These figures appear in column 5 of Table 3, page 7.

[2] The uncorrected estimates of insurance gross premiums tax yield were derived as .0014 of the estimated civilian personal income, series 2. This figure represents the average ratio of yield to income for the years, 1951 to 1958.

[3] A factor of 1.091 was applied to the uncorrected estimates to obtain the estimated yield of the insurance gross premiums tax. This factor is based upon Department of Finance estimate that the effect of a recent tax law change would be to increase the 1959-60 insurance gross premiums tax yield by 9.1 per cent, as indicated on page 10, "Summary of Final Legislative and Executive Action on the 1959 Budget Bill and Major Revenue and Special Appropriation Bills at the 1959 General Session", Prepared by the Legislative Analyst, July 30, 1959.

Motor Vehicle License (in lieu) Fees

The yield of the motor vehicle license (in lieu) fees was estimated in two ways to get a minimum and a maximum figure. (Table 13)

The minimum estimate assumes a correlation between the revenues from this tax and the adult population.[1] These estimates were derived by increasing, annually, the Department of Finance revised estimate for 1959-60 by the average increase in the Department estimates for civilian population (3.1 per cent for 1960-75).

It also seems reasonable that there be a relationship between personal income and revenues from this tax. Since Civilian Personal Income, Series 2, has a larger average annual change than either the adult population above, or Civilian Personal Income, Series 1, maximum estimates were the result of increasing annually the Department of Finance 1959-60 estimate by the average annual change in the estimated civilian personal income, Series 2 (5.9 per cent for 1960-75).

Only a portion of these tax proceeds goes into the General Fund.

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[1] "California's Population in 1958." Sacramento: Department of Finance, July, 1958, pp. 14-15.

TABLE 13

Estimated Yield of Motor Vehicle License (In Lieu) Fees - General Fund Share Fiscal Years 1960-61 Through 1974-75

(1) Fiscal year	(2) Minimum estimated yield, motor vehicle license, (in lieu) fees (General Fund Share) (in thousands of dollars)	(3) Maximum estimated yield, motor vehicle license, (in lieu) fees (General Fund Share) (in thousands of dollars)
1960-61	$2,201	$2,261
1961-62	2,269	2,394
1962-63	2,339	2,535
1963-64	2,412	2,685
1964-65	2,487	2,843
1965-66	2,564	3,011
1966-67	2,643	3,189
1967-68	2,725	3,377
1968-69	2,809	3,576
1969-70	2,896	3,787
1970-71	2,986	4,010
1971-72	3,079	4,247
1972-73	3,174	4,498
1973-74	3,272	4,763
1974-75	3,373	5,044

Source:
Column
(2) Revised Department of Finance estimated yield for 1959-60 increased at 3.1 per cent per annum.
(3) Revised Department of Finance estimated yield for 1959-60 increased at 5.9 per cent per annum.

Personal Income Tax

The basis for the projection of the yield of the personal income tax is the past relationship between this yield and the level of civilian personal income (Tables 14 and 15).

For the period of fiscal years 1951-60, the ratio of personal income tax yield to civilian personal income displays a definite trend movement, increasing from .0041 in 1950-51 to .0047 in 1959-60 (matching 1950-51 yield data to 1950 income data, etc.). By extrapolating graphically from the actual data, an increasing ratio was estimated for 1960-61 through 1974-75, increasing from .0047 in 1960-61 to .0060 in 1974-75. This increasing ratio was then applied to the two civilian personal income series to determine estimated projections under existing law.

TABLE 14

Estimated Yield of State Personal Income Tax --
Minimum Estimates Based Upon Civilian Personal Income, Series 1
1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income[1] series 1 (in millions of dollars)	Projected ratio of State personal income tax yield to civilian personal income	Uncorrected estimate of the State personal income tax yield[2] (in thousands of dollars)	Estimated yield of State personal income tax[3] (in thousands of dollars)
1960-61	$ 40,192	.0047	$ 188,902	$ 266,352
1961-62	42,268	.0048	202,886	286,069
1962-63	44,406	.0049	217,589	306,800
1963-64	46,632	.0050	233,160	328,756
1964-65	48,919	.0051	249,487	351,777
1965-66	51,284	.0052	266,677	376,015
1966-67	53,903	.0053	285,686	402,817
1967-68	56,664	.0053	300,319	423,450
1968-69	59,539	.0054	321,511	453,331
1969-70	62,569	.0055	344,130	485,223
1970-71	65,719	.0056	368,026	518,917
1971-72	69,103	.0057	393,887	555,381
1972-73	72,640	.0058	421,312	594,050
1973-74	76,362	.0059	450,536	635,256
1974-75	80,229	.0060	481,374	678,737

[1] Estimated civilian income is for the calendar year ending in the first half of the fiscal year. These figures appear in column 6 of Table 2, page 5.

[2] The uncorrected estimates of the State personal income tax yield were derived by applying the projected ratio to the estimated civilian personal income each year.

[3] A factor of 1.41 was used to revise the uncorrected estimates to conform with the provisions of a new tax law.

These projections were then corrected to take into account the change in the law. That is, approximately 140 per cent was taken (1.41) of each of the annual estimates obtained from the above calculations. The 41 per cent increase is approximately what the Department of Finance expected from the modification of the law (full year effect) in its revised estimates of revenue for 1959-60.

TABLE 15

Estimated Yield of State Personal Income Tax -- Maximum Estimates Based Upon Civilian Personal Income, Series 2 1960-61 Through 1974-75

Fiscal year	Estimated civilian personal income[1] series 2 (in millions of dollars)	Projected ratio of State personal income tax yield to civilian personal income	Uncorrected estimate of the State personal income tax yield[2] (in thousands of dollars)	Estimated yield of State personal income tax[3] (in thousands of dollars)
1960-61	$ 40,061	.0047	$ 188,287	$ 265,485
1961-62	42,271	.0048	202,901	286,090
1962-63	44,681	.0049	218,937	308,701
1963-64	47,282	.0050	236,410	333,338
1964-65	50,075	.0051	255,382	360,089
1965-66	52,823	.0052	274,680	387,299
1966-67	55,726	.0053	295,348	416,441
1967-68	59,220	.0053	313,866	442,551
1968-69	62,879	.0054	339,547	478,761
1969-70	66,718	.0055	366,949	517,398
1970-71	70,703	.0056	395,937	558,271
1971-72	74,937	.0057	427,141	602,269
1972-73	79,416	.0058	460,613	649,464
1973-74	84,168	.0059	496,591	700,193
1974-75	89,203	.0060	535,218	754,657

[1] Estimated civilian income is for the calendar year ending in the first half of the fiscal year. These figures appear in column 5 of Table 3, page 7.

[2] The uncorrected estimates of the State personal income tax yield were derived by applying the projected ratio to the estimated civilian personal income each year.

[3] A factor of 1.41 was used to revise the uncorrected estimates to conform with the provisions of a new tax law.

Tobacco Tax

Since the State tobacco tax was enacted at the 1959 Legislative session, there is no past relationship upon which to base future projections. However, since tobacco is mainly used by those eighteen years of age and over, it seems reasonable to assume that tobacco tax revenues will be closely related to the size of this group. This relationship is the basis for the projected tobacco tax revenues.

An estimated State tobacco tax yield per person in 1959-60 was determined by dividing the revised revenue estimates of the Department of Finance for 1959-60 by the average of two population estimates, one for July 1, 1959 and the other for July 1, 1960, of the civilian population eighteen years of age and over.[1] This average yield per person in 1959-60 of $6.23 was applied to the Department of Finance projections of civilian population, eighteen years of age and over, each year to determine the projected yield of State tobacco tax. The minimum estimates result from using projections of population at the beginning of each fiscal year and the maximum estimates from using similar data for the end of each fiscal year. (See Tables 16 and 17)

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[1] Population estimates are based upon "California's Population in 1958". Sacramento: Department of Finance, July, 1957, pp. 14-15.

TABLE 16

Estimated Yield of State Tobacco Tax — Minimum Estimates Based Upon Projections of Population at the Beginning of Each Fiscal Year 1960-61 Through 1974-75

Fiscal year	Civilian population, eighteen years of age and over[1] (in thousands)	Estimated yield State tobacco tax[2] (in thousands of dollars)
1960-61	$ 10,071	$ 62,742
1961-62	10,401	64,798
1962-63	10,732	66,860
1963-64	11,066	68,941
1964-65	11,403	71,041
1965-66	11,805	73,545
1966-67	12,208	76,056
1967-68	12,614	78,585
1968-69	13,032	81,189
1969-70	13,462	83,868
1970-71	13,912	86,672
1971-72	14,371	89,531
1972-73	14,845	92,484
1973-74	15,335	95,537
1974-75	15,841	98,689

[1] Estimates of population are given for the beginning of each fiscal year. Figures from 1960 through 1970 were derived from "California's Population in 1958". Sacramento: Department of Finance, July, 1957, pp. 14-15. Estimates for 1971 through 1974 were projected at the average annual increase rate (3.3 per cent) for the period 1966-70.

[2] The estimated yield results from multiplying the estimated number of persons, eighteen years of age and over, in the civilian population each year by $6.23, the average yield per person estimated from Department of Finance data for 1959-60.

TABLE 17

Estimated Yield of State Tobacco Tax —
Maximum Estimates Based Upon Projections of Population at the End of Each Fiscal Year
1960-61 Through 1974-75

Fiscal year	Civilian population, eighteen years of age and over[1] (in thousands)	Estimated yield State tobacco tax[2] (in thousands of dollars)
1960-61	10,401	$ 64,798
1961-62	10,732	66,860
1962-63	11,066	68,941
1963-64	11,403	71,041
1964-65	11,805	73,545
1965-66	12,208	76,056
1966-67	12,614	78,585
1967-68	13,032	81,189
1968-69	13,462	83,868
1969-70	13,912	86,672
1970-71	14,371	89,531
1971-72	14,845	92,484
1972-73	15,335	95,537
1973-74	15,841	98,689
1974-75	16,364	101,948

[1] Estimates of population are given for the end of each fiscal year. Figures from 1960 through 1970 were derived from "California's Population in 1958". Sacramento: Department of Finance, July, 1957, pp. 14-15. Estimates for 1971 through 1974 were projected at the average annual increase rate (3.3 per cent) for the period 1966-70.

[2] One estimated yield results from multiplying the estimated number of persons, eighteen years of age and over, in the civilian population each year by $6.23, the average yield per person estimated from Department of Finance data for 1959-60.

The Private Car Tax

The private car tax is levied on the rolling stock of companies other than railroads. Such property is assessed by the State Board of Equalization and the rate applied is the average state-wide property tax rate for the preceding year.

The tax yield rises with the average tax rate and with increases in the tax base as new stock replaces old and as more expensive units take the place of less expensive units. The type of relationships used in the projection of yields for other types of taxes is not applicable here; therefore, an arbitrarily selected base estimate has been used (Table 18), and a conservative estimated increase of $100,000 annually has been made. The first estimated year is based upon experience to date.

TABLE 18

Estimated Yield of the Private Rail Car Tax

Fiscal year	Estimated revenue (in thousands of dollars)[1]
1960-61	$ 1,975
1961-62	2,075
1962-63	2,175
1963-64	2,275
1964-65	2,375
1965-66	2,475
1966-67	2,575
1967-68	2,675
1968-69	2,775
1969-70	2,875
1970-71	2,975
1971-72	3,075
1972-73	3,175
1973-74	3,275
1974-75	3,375

[1] These projections are based upon the 1959-60 revenue, as estimated by the Department of Finance, and increased each succeeding year by an annual increment of $100,000.

Miscellaneous and Departmental Revenues

The revised Department of Finance 1959-1960 estimate is held constant to obtain the minimum estimates of miscellaneous and departmental revenues. The maximum estimates are the result of adding two million dollars annually to the revised 1959-60 estimate of the Department of Finance (Table 19).

TABLE 19

Estimated Yields of Miscellaneous and Departmental Revenues — Minimum and Maximum Estimates

Fiscal year	Estimated minimum yield[1] (in thousands of dollars)	Estimated maximum yield[2] (in thousands of dollars)
1960-61	$ 42,254	$ 44,254
1961-62	42,254	46,254
1962-63	42,254	48,254
1963-64	42,254	50,254
1964-65	42,254	52,254
1965-66	42,254	54,254
1966-67	42,254	56,254
1967-68	42,254	58,254
1968-69	42,254	60,254
1969-70	42,254	62,254
1970-71	42,254	64,254
1971-72	42,254	66,254
1972-73	42,254	68,254
1973-74	42,254	70,254
1974-75	42,254	72,254

[1] The revised Department of Finance estimate of the 1959-60 yield is held constant to represent the estimated minimum yield.

[2] The estimated maximum yield results from applying an annual increment of $2,000,000 to the 1959-60 yield estimated by the Department of Finance.

TABLE 20

General Fund

Estimated Revenues for the Fiscal Years 1960-61 Through 1974-75 - Minimum

Major Taxes and Licenses	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
			(In thousands of dollars)				
Alcoholic beverage taxes and licenses[1]	$ 48,074	$ 49,470	$ 50,931	$ 52,534	$ 54,123	$ 55,737	$ 57,390
Bank and corporation taxes	270,572	284,548	298,942	313,938	329,323	345,243	362,875
Gift and inheritance taxes	55,400	58,200	61,100	64,200	67,400	70,800	74,300
Horse racing (pari mutuel) license fees[1]	17,745	18,632	19,564	20,542	21,569	22,647	23,779
Insurance gross premiums tax	64,560	67,825	71,226	74,719	78,332	82,331	86,549
Motor vehicle license (in lieu) fees[1]	2,201	2,269	2,339	2,412	2,487	2,564	2,643
Personal income tax	266,352	286,069	306,800	328,756	351,777	376,015	402,817
Retail sales and use tax	712,950	748,598	786,028	825,329	866,595	909,925	955,421
Tobacco tax	62,742	64,798	66,860	68,941	71,041	73,545	76,056
Private car tax	1,975	2,075	2,175	2,275	2,375	2,475	2,575
Totals, major taxes and licenses	1,502,571	1,582,484	1,665,965	1,753,646	1,845,022	1,941,282	2,044,405
Miscellaneous and Departmental Revenues[1]	42,254	42,254	42,254	42,254	42,254	42,254	42,254
Grand Total, Revenue	1,544,825	1,624,738	1,708,219	1,795,900	1,887,276	1,983,536	2,086,659

Major Taxes and Licenses	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Alcoholic beverage taxes and licenses[1]	$ 59,385	$ 61,430	$ 63,469	$ 65,632	$ 67,865	$ 70,171	$ 72,557	$ 75,027
Bank and corporation taxes	381,462	400,817	421,215	442,420	465,201	489,012	514,069	540,102
Gift and inheritance taxes	78,000	81,900	86,000	90,300	94,800	99,500	104,500	109,700
Horse racing (pari mutuel) license fees[1]	24,968	26,216	27,527	28,903	30,348	31,865	33,458	35,131
Insurance gross premiums tax	90,940	95,568	100,380	105,548	110,950	116,636	122,542	128,715
Motor vehicle license (in lieu) fees[1]	2,725	2,809	2,896	2,896	3,079	3,174	3,272	3,373
Personal income tax	423,450	453,331	485,223	518,917	555,381	594,050	635,256	678,737
Retail sales and use tax	1,003,192	1,053,352	1,106,020	1,161,321	1,219,387	1,280,356	1,344,374	1,411,593
Tobacco tax	78,585	81,189	83,868	86,672	89,531	92,484	95,537	98,689
Private car tax	2,675	2,775	2,875	2,975	3,075	3,175	3,275	3,375
Totals, major taxes and licenses	2,145,382	2,259,387	2,379,473	2,505,674	2,639,617	2,780,423	2,928,840	3,084,442
Miscellaneous and Departmental Revenues[1]	42,254	42,254	42,254	42,254	42,254	42,254	42,254	42,254
Grand Total, Revenue	2,187,636	2,301,641	2,421,727	2,547,928	2,681,871	2,822,677	2,971,094	3,126,696

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[1] General Fund Share

TABLE 21

General Fund

Estimated Revenues for the Fiscal Years 1960-61 Through 1974-75 - Maximum

(In thousands of dollars)

Major Taxes and Licenses	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67
Alcoholic beverage taxes and licenses[1]	48,074	49,470	50,931	52,534	54,123	55,737	57,390
Bank and corporation taxes	269,690	284,568	300,792	318,302	337,104	355,604	375,148
Gift and inheritance taxes	55,900	59,200	62,700	66,400	70,300	74,400	78,800
Horse racing (pari mutuel) license fees[1]	17,897	18,953	20,071	21,255	22,509	23,837	25,243
Insurance gross premiums tax	64,564	68,245	72,219	76,485	80,682	85,115	90,453
Motor vehicle license (in lieu) fees[1]	2,261	2,394	2,535	2,685	2,843	3,011	3,189
Personal income tax	265,485	286,090	308,701	333,338	360,089	387,299	416,441
Retail sales and use tax	725,104	765,105	808,726	855,804	906,358	956,096	1,008,641
Tobacco tax	64,798	66,860	68,941	71,041	73,545	76,056	78,585
Private car tax	1,975	2,075	2,175	2,295	2,375	2,475	2,575
Totals, major taxes and licenses	1,515,748	1,602,960	1,697,791	1,800,119	1,909,928	2,019,630	2,136,465
Miscellaneous and Departmental Revenues[1]	44,254	46,254	48,254	50,254	52,254	54,254	56,254
Grand Total, Revenue	1,560,002	1,649,214	1,746,045	1,850,375	1,962,182	2,073,884	2,192,719

	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Alcoholic beverage taxes and licenses[1]	$ 59,385	$ 61,430	$ 63,469	$ 65,632	$ 67,865	$ 70,171	$ 72,557	$ 75,027
Bank and corporation taxes	398,669	423,302	449,146	475,972	504,476	534,629	566,619	600,514
Gift and inheritance taxes	83,400	88,300	93,500	99,000	104,800	111,000	117,500	124,400
Horse racing (pari mutuel) license fees[1]	26,732	28,309	29,979	31,748	33,621	35,605	37,706	39,931
Insurance gross premiums tax	96,042	101,905	107,991	114,459	121,305	128,558	136,248	144,412
Motor vehicle license (in lieu) fees[1]	3,377	3,576	3,787	4,010	4,247	4,498	4,763	5,044
Personal income tax	442,551	478,761	517,398	558,271	602,269	649,464	700,193	754,657
Retail sales and use tax	1,071,882	1,138,110	1,207,596	1,279,724	1,356,360	1,437,430	1,523,441	1,614,574
Tobacco tax	81,189	83,868	86,672	89,531	92,484	95,537	98,689	101,948
Private car tax	2,695	2,775	2,875	2,975	3,075	3,175	3,275	3,375
Totals, major taxes and licenses	2,265,909	2,410,336	2,562,413	2,721,322	2,890,502	3,070,067	3,260,991	3,463,882
Miscellaneous and Departmental Revenues[1]	58,254	60,254	62,254	64,254	66,254	68,254	70,254	72,254
Grand Total, Revenue	2,324,156	2,470,590	2,624,667	2,785,576	2,956,756	3,138,321	3,331,245	3,536,136

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[1] General Fund Share

PART II

GENERAL FUND EXPENDITURES FOR STATE OPERATIONS AND LOCAL ASSISTANCE[1]

The estimated expenditures from the General Fund for state operations and local assistance have been divided into six broad groups. Underlying all these estimates is one basic assumption: that the scope and quality of the relevant services are being extended into the future at their present level. Hence, no adjustment is made for probable but unpredictable future changes in the scope and quality of the services provided.

Within the group "Education" are included apportionments for public schools and operation expenses of the Department of Education (including minor miscellaneous items[2] and of Special Schools for Physically Handicapped Children. The six components considered and the method of estimation used in each case are as follows:

(1) Apportionments for public schools[3] were obtained by multiplying the Department of Finance estimates of enrollment in public elementary schools and high schools by $201.10 per student. For 1971-75, which is not included in the Department of Finance estimates, a 3.6 per cent annual increase is assumed (3.6 per cent is the average annual increase for 1966-70).

(2) Assistance for vocational education was assumed to increase annually from the 1959-60 estimate at one-half the annual rate of change as estimated for public elementary and high school enrollment by the Department of Finance.

(3) Local assistance for child care centers was treated as increasing from the 1959-60 estimate at 2.5 per cent per year, the annual rate of change experienced during the two previous fiscal years.[4]

(4) Local assistance expenditures for free textbooks were expected to increase annually from the 1959-1960 base at the same percentage rate as the enrollment in public elementary and high schools increased.

(5) Estimates of expenditures in the form of contributions to teachers retirement were obtained by adding $2,500,000 annually to the 1959-1960 estimate.

(6) The estimates of local assistance expenditures for debt services on public school building bonds for 1961-65 were made by the Department of Finance. Projections for 1966-1975 are the result of adding $3,500,000 annually to the Department of Finance estimate for 1965.

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[1] Capital outlay expenditures from the General Fund, which have been a relatively minor item in recent years, are excluded together with expenditures for higher education.

[2] Orientation centers and state industries for the adult blind, the State Scholarship Commission, and the Teachers Retirement System.

[3] Does not include apportionments for junior colleges.

[4] State of California Budget for the Fiscal Year 1959-60, p. 877.

Estimates of the operating expenses of the Department of Education (including minor miscellaneous items) and the special schools were obtained by using the estimated 1959-60 operating expenses as a base figure and increasing the expenses each succeeding year by the same rate of growth as the projected civilian population figures through 1970. From 1970 to 1975, an annual increase of 3.4 per cent is assumed (3.4 per cent is the average annual increase from 1966 to 1970).

Under the group heading "Social Welfare, Health, etc." expenditures for local assistance for public health and operating expenditures of the Department of Public Health and for social welfare were all projected using the 1959-60 expenditure estimates and the annual rate of increase for the estimated civilian population.

The local assistance expenditures for social welfare were assumed to increase over the 1959-60 estimate by 3 per cent, a rate slightly less than that of population growth because of the increasingly important role of Old Age and Survivors Insurance as opposed to Old Age Assistance.

For estimating expenditures in the three categories within the broad heading, "Mental Hygiene and Corrections", special population data were used. In each case (i.e., Corrections, Youth Authority, and Mental Hygiene) projections of average daily fiscal year institutional populations were made by increasing annually the 1959-60 estimate of that population[5] by the annual percentage change estimated by the Department of Finance.[6] The Department figures for each of the special populations were projected beyond 1968-69 at a rate equal to the average annual increase from 1964-65 through 1968-69. A "per capita" cost figure, derived by dividing the 1959-60 estimated expenditure by the 1959-60 average institutional population, was then combined with similar estimates of the relevent special population for the expenditure estimates.

"Conservation of Natural Resources" includes expenditures upon natural and water resources. These expenditures were obtained on the basis of projected civilian population figures. Expenditures for natural resources were obtained by increasing annually the 1959-60 expenditure by one and one-half times the annual population increase. Expenditures for water resources are the result of increasing the 1959-60 estimate in direct proportion with the annual change in estimated civilian population.

Several methods were used to estimate the remaining expenditures under "Other". The State operating expenditures for the Judicial branch, the Department of Justice, Regulation and Licensing, Public Works, and Veterans Affairs as well as local assistance expenditures for "other purposes" were obtained by increasing the 1959-60 estimate by the same per cent of increase as that of the estimated civilian population. Other operating expenditures were expected to increase by a greater or lesser per cent than the population. Data for the Executive and Legislative branches and the Department of Agriculture were estimated upon the basis of an annual rate of change equal to one-half the annual rate of change for the civilian population. The expenditures for industrial relations were assumed to increase by one and one-half times the annual rate of change in civilian population.

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[5] State of California Budget for the Fiscal Year 1959-60, pp. 57, 106, 329.

[6] State Building Construction Program July 1, 1959, June 30, 1964, Senate of the State of California, July, 1958. Department of Finance.

General Fund expenditures for military affairs and for the Department of Motor Vehicles were projected as constant at the 1959-1960 figure. The estimated expenditures for debt service are the result of adding $2,000,000 annually to the 1959-1960 estimate.

TABLE 22

Estimated Cost of Maintaining Existing State Operations and Local Assistance Programs Financed by the General Fund Excluding Costs of Junior Colleges, State Colleges, and the University of California
1960-61 Through 1974-75

(In thousands of dollars)

Operation	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
Education	735,209	776,028	822,025	867,810	914,625	956,650	998,075	1,037,920
Social Welfare, Health, etc.	238,264	245,638	253,202	260,955	268,956	277,197	285,691	294,447
Mental Hygiene, Corrections	172,752	178,419	184,646	190,559	196,246	201,807	207,733	213,573
Conservation of Natural Resources	30,292	31,753	33,233	34,750	36,339	38,003	39,746	41,571
Fiscal Affairs, General Administration	42,293	44,423	46,629	48,961	51,397	53,938	56,659	59,335
Other	73,981	78,144	82,331	86,534	90,817	95,185	99,639	104,174
Total	1,292,791	1,354,405	1,422,066	1,489,569	1,558,380	1,622,780	1,687,543	1,751,030
Adjustment Ratio[1]	1.0200	1.0408	1.0616	1.0832	1.1056	1.1280	1.1512	1.1752
Adjusted Total	1,318,647	1,409,665	1,509,665	1,613,501	1,722,945	1,830,496	1,942,700	2,057,810

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Education	1,078,411	1,120,122	1,161,227	1,200,832	1,245,510	1,291,446	1,338,843
Social Welfare, Health, etc.	303,472	312,774	322,361	332,244	342,429	352,927	363,749
Mental Hygiene, Corrections	219,248	225,495	231,927	238,544	245,356	252,368	259,586
Conservation of Natural Resources	43,482	45,483	47,311	49,774	52,073	54,481	57,004
Fiscal Affairs, General Administration	62,341	65,502	68,794	72,341	76,044	79,928	84,023
Other	108,825	114,564	118,406	123,354	128,415	133,588	138,880
Total	1,815,779	1,882,940	1,950,026	2,017,089	2,089,827	2,164,738	2,242,085
Adjustment Ratio[1]	1.1992	1.2240	1.2496	1.2760	1.3032	1.3304	1.3524
Adjusted Total	2,177,482	2,304,719	2,436,752	2,573,806	2,723,463	2,879,967	3,032,196

[1] This factor results from the assumption that 80 per cent of the total will be raised by 2.5 per cent compounded annually, an assumption necessary if people paid from these funds are to share in the general increase in per capita income.

TABLE 23

Estimated General Fund Expenditures for State Operations and Local Assistance Excluding Junior Colleges, State Colleges, and University of California 1960-61 Through 1974-75

Expenditure	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68
			(In thousands of dollars)					
State operations (excluding state colleges and University of California)[1]	343,355	364,490	386,909	410,075	434,223	459,161	485,907	513,759
Local assistance (excluding junior colleges)	974,921	1,044,298	1,121,348	1,201,464	1,286,171	1,368,154	1,452,940	1,539,480
Total	1,318,276	1,408,788	1,508,257	1,611,539	1,720,394	1,827,315	1,938,847	2,053,239

	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
State operations (excluding state colleges and University of California)[1]	542,759	574,008	606,777	642,316	679,614	718,715	760,184
Local assistance (excluding junior colleges)	1,629,387	1,724,560	1,822,957	1,923,541	2,034,909	2,151,263	2,274,359
Total	2,172,146	2,298,568	2,429,734	2,565,857	2,714,523	2,869,978	3,034,543

[1] All figures are adjusted totals.

TABLE 24

Estimated General Fund Expenditures for Maintaining Existing Local Assistance Programs 1960-61 Through 1974-75

Fiscal year	Education[1]	Public health	Social welfare	Other purposes	Total	Adjustment ratio[2]	Adjusted total
		(In thousands of dollars)					
1960-61	721,174	26,487	200,577	7,567	955,805	1.0200	974,921
1961-62	761,487	27,441	206,594	7,839	1,003,361	1.0407	1,044,298
1962-63	806,975	28,401	212,792	8,113	1,056,281	1.0616	1,121,348
1963-64	852,248	29,367	219,176	8,389	1,109,180	1.0832	1,201,464
1964-65	898,534	30,365	225,751	8,674	1,163,324	1.1056	1,286,171
1965-66	940,012	31,397	232,524	8,969	1,212,902	1.1280	1,368,154
1966-67	980,871	32,464	239,500	9,274	1,262,109	1.1512	1,452,940
1967-68	1,020,131	33,568	246,685	9,589	1,309,973	1.1752	1,539,480
1968-69	1,060,018	34,709	254,086	9,915	1,358,728	1.1992	1,629,387
1969-70	1,101,104	35,889	261,709	10,252	1,408,954	1.2240	1,724,560
1970-71	1,141,562	37,109	269,560	10,601	1,458,832	1.2496	1,822,857
1971-72	1,180,498	38,371	277,647	10,961	1,507,477	1.2760	1,923,541
1972-73	1,224,485	39,676	285,976	11,334	1,561,471	1.3032	2,034,909
1973-74	1,269,706	41,025	294,555	11,719	1,617,005	1.3304	2,151,263
1974-75	1,316,364	42,420	303,392	12,117	1,674,293	1.3524	2,274,359

[1] Excludes junior college costs.

[2] The adjustment ratio results from the assumption that 80 per cent of the total will be raised by 2.5 per cent compounded annually, an assumption necessary if people paid from these funds are to share in the general increase in per capita income.

TABLE 25

Comparison of Minimum Estimates of General Fund Revenue with Estimates of General Fund Expenditures for State Operations and Local Assistance Programs, Excluding Junior Colleges, State Colleges and the University of California 1960-61 Through 1974-75

Fiscal year	Estimated revenue (in thousands of dollars)	Estimated expenditures (in thousands of dollars)	Surplus (-deficit) (in thousands of dollars)
1960-61	$ 1,544,825	$ 1,318,647	$ 226,178
1961-62	1,624,738	1,409,665	215,073
1962-63	1,708,219	1,509,665	198,554
1963-64	1,795,900	1,613,501	182,396
1964-65	1,887,276	1,722,945	164,331
1965-66	1,983,536	1,830,496	153,040
1966-67	2,086,659	1,942,700	143,959
1967-68	2,187,636	2,057,810	129,826
1968-69	2,301,641	2,177,482	124,159
1969-70	2,421,727	2,304,719	117,008
1970-71	2,547,928	2,436,752	111,176
1971-72	2,681,871	2,573,806	108,065
1972-73	2,822,677	2,723,463	99,214
1973-74	2,971,094	2,879,967	91,127
1974-75	3,126,696	3,032,196	94,500

TABLE 26

Comparison of Maximum Estimates of General Fund Revenue with Estimates of General Fund Expenditures for State Operations and Local Assistance Programs, Excluding Junior Colleges, State Colleges and the University of California 1960-61 Through 1974-75

Fiscal year	Estimated revenue (in thousands of dollars)	Estimated expenditures (in thousands of dollars)	Surplus (-deficit) (in thousands of dollars)
1960-61	$ 1,560,002	$ 1,318,647	$ 241,355
1961-62	1,649,214	1,409,665	239,549
1962-63	1,746,045	1,509,665	236,380
1963-64	1,850,375	1,613,501	236,874
1964-65	1,962,182	1,722,945	239,237
1965-66	2,073,884	1,830,496	243,388
1966-67	2,193,719	1,942,700	250,019
1967-68	2,324,156	2,057,810	266,346
1968-69	2,470,590	2,177,482	293,108
1969-70	2,624,667	2,304,719	319,948
1970-71	2,785,576	2,436,752	348,824
1971-72	2,956,756	2,573,806	382,950
1972-73	3,138,321	2,723,463	414,858
1973-74	3,331,245	2,879,967	451,278
1974-75	3,536,136	3,032,196	503,940

TABLE 27

Ratio of General Fund Expenditures on Higher Education to General Fund Revenues, 1957-58

Type of Institution	General fund expenditures[1] (in thousands of dollars)	General fund revenue (in thousands of dollars)	Ratio (per cent expenditures are of revenue)
Junior colleges	$ 22,457*		
State colleges and technical schools	37,859**		
University of California	88,226**		
Hastings College of Law	49**		
Total	148,591	$ 1,110,803***	13.38

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[1] Not included in these data are expenditures for capital outlay which are made almost entirely from special funds and reserves.

*Data from the State Department of Education, State of California, Sacramento.

**State of California Budget for the Fiscal Year 1959-60, pp. A-18, A-19.

***Ibid. p. A-8.

TABLE 28

Application of the Ratio of 13.38 to the General Fund Revenue Series 1960-61 Through 1974-75

Fiscal years	Minimum projections (in millions of dollars)	Maximum projections (in millions of dollars)
1960-61	207	209
1961-62	217	221
1962-63	229	234
1963-64	240	248
1964-65	253	263
1965-66	265	278
1966-67	279	294
1967-68	293	311
1968-69	308	331
1969-70	324	351
1970-71	341	373
1971-72	359	396
1972-73	378	420
1973-74	397	446
1974-75	418	473

PART III

RELATIVE ECONOMIC EFFORT OF THE STATES IN FINANCING PUBLIC HIGHER EDUCATION

In the attempt to make relevant comparisons of the relative economic and fiscal effort of the states in their support of public higher education, certain measures are available for use. The Bureau of the Census, in its Compendium of State Government Finances, provides data concerning the total amounts spent by the state institutions of higher education. The Department of Commerce gives the personal income received in the individual states in its United States Income and Output. The ratio of such expenditures in a state to the correlating income provides one measure of relative effort.

Such a ratio may be calculated for a selected year, or for a series of years to arrive at an average for those years. In this presentation, ratios have been calculated for each of the years 1952 through 1958, with an average of these individual ratios calculated for the series. The reason for presenting an average is that in any single year the capital outlay expenditures may have an unduly distorting effect. Such distortion is less likely to occur if a period of several years is taken into account. However, it must also be noted that such an average tends to obscure any trend which might otherwise be present; therefore, the figures for each of the seven years are included, and observation is possible to determine if such a trend effect is present.

In the interpretation of the data from the Compendium of State Government Finances, as these relate to state institutions of higher education, the following inclusions and exclusions should be noted. Excluded are expenditures for hospitals associated with such institutions, for agricultural experiment stations, and for farms and agricultural extension services. Included are gross expenditures for dormitories, cafeterias, athletic contests, student activities, and other auxiliary activities, without any offset for revenues produced by such activities.

A further caution is in order. To realize the potentials, assuming an adequate wealth and income base, there are other elements which still are necessary. The citizenry of the state must be imbued with the desire and the will to provide adequately for public higher education. There must also be a tax system which is adequate and efficient in reaching this base. Since the evaluation of these elements is not a part of the purposes of this report, they are not discussed herein.

TABLE 29

Per Cent of Personal Income of the States Spent for Public Higher Education 1952-58 Combined Average[1]

State	Per Cent	State	Per Cent
New Mexico	.0134	Wisconsin	.0062
Utah	.0134	New Hampshire	.0061
North Dakota	.0117	Virginia	.0061
Oklahoma	.0112	Delaware	.0058
South Dakota	.0101	Georgia	.0058
Colorado	.0100	Tennessee	.0056
Minnesota	.0094	Texas	.0055
Montana	.0094	Florida	.0051
Wyoming	.0094	CALIFORNIA	.0046
Arizona	.0092		
Arkansas	.0089	Kentucky	.0043
Louisiana	.0089	Maine	.0043
		Nevada	.0043
Kansas	.0086	Maryland	.0042
Iowa	.0086		
Indiana	.0085	Vermont	.0042
Michigan	.0083	Illinois	.0036
Washington	.0081	Ohio	.0035
		Rhode Island	.0035
Mississippi	.0080		
North Carolina	.0079	Missouri	.0032
Oregon	.0077	Connecticut	.0030
Idaho	.0075	New Jersey	.0022
		Pennsylvania	.0020
South Carolina	.0074		
Alabama	.0072	New York	.0016
West Virginia	.0067	Massachusetts	.0013
Nebraska	.0066		

[1] Source: U. S. Department of Commerce, Compendium of State Government Finances, Years 1952-58.

TABLE 30

Ratio of Expenditures of State Institutions of Higher Education to Personal Income[1] 1952 Through 1958

State	1952	1953	1954	1955	1956	1957	1958	7 Years average
Alabama	.0077	.0071	.0066	.0067	.0075	.0069	.0079	.0072
Arizona	.0077	.0076	.0073	.0080	.0099	.0121	.0119	.0092
Arkansas	.0078	.0083	.0079	.0087	.0096	.0094	.0108	.0089
California	.0036	.0045	.0044	.0045	.0042	.0050	.0063	.0046
Colorado	.0080	.0078	.0099	.0093	.0097	.0121	.0131	.0100
Connecticut	.0029	.0029	.0030	.0028	.0026	.0029	.0036	.0030
Delaware	.0044	.0048	.0077	.0048	.0050	.0052	.0084	.0058
Florida	.0051	.0049	.0050	.0046	.0050	.0055	.0053	.0051
Georgia	.0057	.0060	.0068	.0060	.0049	.0053	.0059	.0058
Idaho	.0066	.0072	.0072	.0076	.0068	.0085	.0089	.0075
Illinois	.0035	.0034	.0034	.0032	.0035	.0039	.0044	.0036
Indiana	.0070	.0065	.0074	.0076	.0086	.0110	.0115	.0085
Iowa	.0067	.0084	.0073	.0086	.0094	.0100	.0096	.0086
Kansas	.0083	.0082	.0074	.0082	.0092	.0094	.0097	.0086
Kentucky	.0033	.0033	.0034	.0039	.0048	.0057	.0059	.0043
Louisiana	.0070	.0076	.0077	.0088	.0097	.0094	.0118	.0089
Maine	.0034	.0035	.0043	.0038	.0043	.0051	.0055	.0043
Maryland	.0040	.0041	.0042	.0042	.0037	.0044	.0049	.0042
Massachusetts	.0011	.0011	.0011	.0014	.0011	.0014	.0020	.0013
Michigan	.0065	.0059	.0062	.0067	.0084	.0114	.0131	.0083
Minnesota	.0089	.0091	.0086	.0091	.0090	.0101	.0113	.0094
Mississippi	.0064	.0074	.0090	.0075	.0080	.0085	.0093	.0080
Missouri	.0028	.0029	.0028	.0030	.0035	.0032	.0043	.0032
Montana	.0069	.0097	.0089	.0072	.0102	.0107	.0122	.0094
Nebraska	.0064	.0067	.0079	.0079	.0089	.0082	.0070	.0066
Nevada	.0017	.0035	.0034	.0033	.0039	.0074	.0067	.0043
New Hampshire	.0055	.0052	.0053	.0057	.0058	.0067	.0086	.0061
New Jersey	.0017	.0017	.0019	.0025	.0031	.0025	.0023	.0022

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[1] Source: U.S. Department of Commerce, Compendium of State Government Finances, Years 1952-58 provide basic data.

New Mexico	.0130	.0119	.0106	.0126	.0166	.0137	.0155	.0134
New York	.0014	.0015	.0014	.0016	.0016	.0014	.0020	.0016
North Carolina	.0092	.0080	.0075	.0076	.0071	.0073	.0084	.0079
North Dakota	.0120	.0124	.0124	.0101	.0106	.0131	.0110	.0117
Ohio	.0029	.0028	.0031	.0035	.0039	.0039	.0044	.0035
Oklahoma	.0133	.0101	.0102	.0101	.0099	.0121	.0126	.0112
Oregon	.0062	.0056	.0067	.0068	.0072	.0099	.0112	.0077
Pennsylvania	.0017	.0016	.0021	.0019	.0020	.0022	.0025	.0020
Rhode Island	.0025	.0029	.0030	.0028	.0028	.0039	.0063	.0035
South Carolina	.0059	.0057	.0071	.0098	.0081	.0070	.0085	.0074
South Dakota	.0095	.0082	.0089	.0097	.0099	.0116	.0132	.0101
Tennessee	.0051	.0051	.0053	.0061	.0056	.0060	.0062	.0056
Texas	.0059	.0049	.0049	.0047	.0056	.0059	.0066	.0055
Utah	.0118	.0128	.0124	.0133	.0146	.0131	.0159	.0134
Vermont	.0016	.0013	.0017	.0018	.0023	.0101	.0108	.0042
Virginia	.0057	.0058	.0060	.0058	.0056	.0063	.0072	.0061
Washington	.0077	.0076	.0074	.0075	.0081	.0091	.0090	.0081
West Virginia	.0060	.0056	.0059	.0066	.0083	.0068	.0078	.0067
Wisconsin	.0059	.0062	.0058	.0057	.0061	.0061	.0076	.0062
Wyoming	.0085	.0077	.0089	.0095	.0103	.0110	.0100	.0094

TABLE 31

Ratio of Expenditures for Public Higher Education to Personal Income[1]
1952 Through 1958

State	1952 Expenditures for public higher education (in thousands of dollars)	1952 Personal income (in millions of dollars)	1952 Ratio of expenditures to personal income	1953 Expenditures for public higher education (in thousands of dollars)	1953 Personal income (in millions of dollars)	1953 Ratio of expenditures to personal income
Alabama	$ 24,802	$ 3,223	.0077	$ 23,643	$ 3,344	.0071
Arizona	10,772	1,395	.0077	10,910	1,441	.0076
Arkansas	14,056	1,797	.0078	15,001	1,809	.0083
California	90,047	25,089	.0036	118,687 *	26,642	.0045
Colorado	19,785	2,468	.0080	19,474	2,492	.0078
Connecticut	13,797	4,763	.0029	14,612	5,117	.0029
Delaware	3,573	812	.0044	4,164	876	.0048
Florida	23,053	4,543	.0051	24,487	5,041	.0049
Georgia	24,893	4,337	.0057	26,968	4,460	.0060
Idaho	6,020	916	.0066	6,346	883	.0072
Illinois	65,065	18,579	.0035	66,570	19,669	.0034
Indiana	51,144	7,285	.0070	51,973	8,012	.0065
Iowa	28,604	4,272	.0067	34,498	4,110	.0084
Kansas	28,070	3,382	.0083	26,735	3,251	.0082
Kentucky	11,626	3,524	.0033	12,061	3,644	.0033
Louisiana	24,789	3,540	.0070	28,226	3,721	.0076
Maine	4,403	1,299	.0034	4,548	1,298	.0035
Maryland	18,901	4,716	.0040	20,631	5,028	.0041
Massachusetts	9,842	8,855	.0011	10,569	9,333	.0011
Michigan	84,197	12,902	.0065	86,005	14,516	.0059

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[1] Source: U. S. Department of Commerce, Compendium of State Government Finances, Years 1952-58 provide basic data.

*In addition to this figure, the University of California spent $48,730,000 for atomic research under contract with the Federal Government.

Minnesota	$ 42,611	$ 4,796	.0089	$ 46,060	$ 5,049	.0091
Mississippi	11,884	1,862	.0064	13,981	1,889	.0074
Missouri	18,435	6,660	.0028	20,627	7,000	.0029
Montana	7,377	1,066	.0069	10,560	1,093	.0097
Nebraska	13,844	2,179	.0064	14,167	2,106	.0067
Nevada	1,424	428	.0017	1,611	462	.0035
New Hampshire	4,514	817	.0055	4,450	862	.0052
New Jersey	18,276	10,708	.0017	19,934	11,411	.0017
New Mexico	12,882	1,005	.0130	12,561	1,055	.0119
New York	45,262	31,681	.0014	49,117	33,265	.0015
North Carolina	44,063	4,768	.0092	39,113	4,885	.0080
North Dakota	8,942	755	.0120	9,563	771	.0124
Ohio	46,463	15,908	.0029	48,108	17,316	.0028
Oklahoma	40,683	3,060	.0133	31,815	3,161	.0101
Oregon	17,981	2,914	.0062	16,338	2,934	.0056
Pennsylvania	32,549	18,922	.0017	33,131	20,145	.0016
Rhode Island	3,623	1,471	.0025	4,483	1,545	.0029
South Carolina	14,624	2,468	.0059	14,581	2,543	.0057
South Dakota	7,721	815	.0095	7,225	881	.0082
Tennessee	19,490	3,796	.0051	20,570	4,050	.0051
Texas	75,114	12,712	.0059	64,376	13,013	.0049
Utah	13,008	1,098	.0118	14,577	1,143	.0128
Vermont	853	522	.0016	695	542	.0013
Virginia	29,078	5,130	.0057	30,291	5,220	.0058
Washington	36,294	4,694	.0077	36,899	4,883	.0076
West Virginia	15,223	2,540	.0060	14,215	2,547	.0056
Wisconsin	35,890	6,094	.0059	39,000	6,248	.0062
Wyoming	4,624	543	.0085	4,210	547	.0077

TABLE 31

State	1954 Expenditures for public higher education (in thousands of dollars)	1954 Personal income (in millions of dollars)	1954 Ratio of expenditures to personal income	1955 Expenditures for public higher education (in thousands of dollars)	1955 Personal income (in millions of dollars)	1955 Ratio of expenditures to personal income
Alabama	$ 21,523	$ 3,258	.0066	$ 25,007	$ 3,708	.0067
Arizona	10,857	1,495	.0073	13,015	1,633	.0080
Arkansas	14,098	1,782	.0079	16,831	1,933	.0087
California	119,586*	27,432	.0044	134,525*	30,229	.0045
Colorado	25,231	2,543	.0099	25,803	2,783	.0093
Connecticut	15,810	5,190	.0030	15,786	5,556	.0028
Delaware	6,990	906	.0077	4,983	1,049	.0048
Florida	26,314	5,312	.0050	27,748	6,088	.0046
Georgia	29,904	4,414	.0068	29,299	4,918	.0060
Idaho	6,369	880	.0072	6,962	917	.0076
Illinois	67,293	19,751	.0034	66,838	20,968	.0032
Indiana	56,598	7,623	.0074	62,847	8,251	.0076
Iowa	32,709**	4,489	.0073	36,796	4,260	.0086
Kansas	25,319	3,434	.0074	28,243	3,458	.0082
Kentucky	12,320	3,627	.0034	14,603	3,782	.0039
Louisiana	29,835	3,756	.0077	35,172	3,985	.0088
Maine	5,609	1,312	.0043	5,584	1,452	.0038
Maryland	21,213	5,084	.0042	22,936	5,453	.0042
Massachusetts	10,217	9,403	.0011	13,795	10,056	.0014
Michigan	87,792	14,127	.0062	106,012	15,785	.0067

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*In addition to this figure, the University spent $54,560,000 in 1954 and $58,591,000 in 1955 for atomic research under contract with the Federal Government.

**In addition, $2,681,000 was spent for atomic research under contract with the Federal Government

Minnesota	$ 44,082	$ 5,154	.0086	$ 49,397	$ 5,450	.0091
Mississippi	16,433	1,836	.0090	15,500	2,065	.0075
Missouri	19,674	7,055	.0028	23,007	7,579	.0030
Montana	9,513	1,071	.0089	8,295	1,158	.0072
Nebraska	17,831	2,259	.0079	17,487	2,203	.0079
Nevada	1,740	508	.0034	1,907	582	.0033
New Hampshire	4,727	894	.0053	5,464	952	.0057
New Jersey	22,271	11,622	.0019	30,455	12,351	.0025
New Mexico	11,503	1,088	.0106	14,599	1,159	.0126
New York	46,228	34,189	.0014	57,627	36,508	.0016
North Carolina	37,553	5,023	.0075	41,902	5,535	.0076
North Dakota	9,682	783	.0124	8,766	872	.0101
Ohio	53,762	17,241	.0031	65,437	18,589	.0035
Oklahoma	32,151	3,162	.0102	33,802	3,341	.0101
Oregon	19,582	2,919	.0067	21,216	3,139	.0068
Pennsylvania	40,654	19,572	.0021	39,475	20,706	.0019
Rhode Island	4,594	1,515	.0030	4,468	1,617	.0028
South Carolina	17,141	2,414	.0071	25,605	2,604	.0098
South Dakota	8,062	910	.0089	8,350	861	.0097
Tennessee	21,380	4,056	.0053	26,432	4,347	.0061
Texas	65,000	13,391	.0049	67,879	14,380	.0047
Utah	14,177	1,143	.0124	16,513	1,242	.0133
Vermont	901	543	.0017	996	567	.0018
Virginia	31,458	5,256	.0060	32,567	5,603	.0058
Washington	36,874	4,956	.0074	39,296	5,211	.0075
West Virginia	14,315	2,414	.0059	16,968	2,586	.0066
Wisconsin	35,414	6,152	.0058	37,486	6,615	.0057
Wyoming	4,777	537	.0089	5,397	570	.0095

TABLE 31

State	1956 Expenditures for public higher education (in thousands of dollars)	1956 Personal income (in millions of dollars)	1956 Ratio of expenditures to personal income	1957 Expenditures for public higher education (in thousands of dollars)	1957 Personal income (in millions of dollars)	1957 Ratio expenditures to personal income
Alabama	$ 29,372	$ 3,914	.0075	$ 28,828	$ 4,171	.0069
Arizona	18,074	1,829	.0099	24,008	1,988	.0121
Arkansas	18,971	1,978	.0096	19,094	2,035	.0094
California	139,068*	33,157	.0042	174,406*	35,131	.0050
Colorado	29,501	3,045	.0097	40,286	3,339	.0121
Connecticut	15,426	5,989	.0026	18,658	6,352	.0029
Delaware	5,928	1,189	.0050	6,282	1,200	.0052
Florida	33,924	6,820	.0050	41,275	7,522	.0055
Georgia	25,663	5,237	.0049	28,727	5,407	.0053
Idaho	6,902	1,010	.0068	8,833	1,043	.0085
Illinois	78,899	22,611	.0035	92,220	23,579	.0039
Indiana	75,364	8,768	.0086	100,429	9,110	.0110
Iowa	42,675	4,519	.0094	50,542	5,056	.0100
Kansas	33,274	3,610	.0092	35,985	3,817	.0094
Kentucky	19,398	4,014	.0048	23,974	4,172	.0057
Louisiana	42,384	4,377	.0097	45,067	4,804	.0094
Maine	6,600	1,526	.0043	8,027	1,568	.0051
Maryland	21,832	5,948	.0037	27,654	6,242	.0044
Massachusetts	12,510	10,764	.0011	15,639	11,361	.0014
Michigan	137,887	16,361	.0084	190,519	16,706	.0114

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*In addition to this figure, the University spent $72,431,000 in 1956 and $91,519,000 in 1957 for atomic research under contract with the Federal Government.

Minnesota	$ 52,038	$ 5,760	.0090	$ 62,215	$ 6,145	.0101
Mississippi	16,506	2,076	.0080	17,865	2,093	.0085
Missouri	27,999	7,996	.0035	26,781	8,256	.0032
Montana	12,495	1,222	.0102	13,510	1,263	.0107
Nebraska	20,350	2,289	.0089	21,658	2,640	.0082
Nevada	2,350	603	.0039	4,756	647	.0074
New Hampshire	5,852	1,007	.0058	7,099	1,065	.0067
New Jersey	41,299	13,273	.0031	34,660	14,089	.0025
New Mexico	20,717	1,245	.0166	19,125	1,399	.0137
New York	61,022	38,876	.0016	56,713	40,954	.0014
North Carolina	41,562	5,872	.0071	43,277	5,924	.0073
North Dakota	9,583	903	.0106	12,138	924	.0131
Ohio	77,988	19,814	.0039	81,680	20,748	.0039
Oklahoma	35,015	3,532	.0099	44,765	3,687	.0121
Oregon	24,088	3,352	.0072	33,594	3,385	.0099
Pennsylvania	43,488	22,170	.0020	50,821	23,327	.0022
Rhode Island	4,799	1,692	.0028	6,764	1,715	.0039
South Carolina	21,690	2,694	.0081	19,669	2,796	.0070
South Dakota	8,964	906	.0099	12,475	1,075	.0116
Tennessee	25,727	4,607	.0056	28,816	4,791	.0060
Texas	86,320	15,326	.0056	96,617	16,364	.0059
Utah	19,481	1,336	.0146	18,912	1,442	.0131
Vermont	1,394	603	.0023	6,293	626	.0101
Virginia	33,758	6,061	.0056	39,819	6,302	.0063
Washington	44,515	5,476	.0081	52,682	5,792	.0091
West Virginia	23,741	2,860	.0083	20,830	3,071	.0068
Wisconsin	43,339	7,092	.0061	45,428	7,416	.0061
Wyoming	6,259	609	.0103	7,064	644	.0110

TABLE 31

State	1958		
	Expenditures for public higher education (in thousands of dollars)	Personal income (in millions of dollars)	Ratio of expenditures to personal income
Alabama	$ 34,402	$ 4,364	.0079
Arizona	26,179	2,203	.0119
Arkansas	23,309	2,168	.0108
California	231,251*	36,692	.0063
Colorado	45,866	3,503	.0131
Connecticut	23,634	6,524	.0036
Delaware	10,499	1,253	.0084
Florida	44,454	8,334	.0053
Georgia	33,542	5,678	.0059
Idaho	10,033	1,126	.0089
Illinois	106,023	24,076	.0044
Indiana	104,770	9,118	.0151
Iowa	50,228	5,258	.0096
Kansas	41,225	4,234	.0097
Kentucky	25,548	4,303	.0059
Louisiana	57,867	4,901	.0118
Maine	8,861	1,622	.0055
Maryland	32,008	6,566	.0049
Massachusetts	22,774	11,641	.0020
Michigan	216,508	16,507	.0131

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*In addition to this figure, the University spent $114,307,000 in 1958 for atomic research under contract with the Federal Government.

Minnesota	$ 73,365	$ 6,468	.0113
Mississippi	21,486	2,302	.0093
Missouri	37,289	8,702	.0043
Montana	16,165	1,321	.0122
Nebraska	21,193	2,759	.0077
Nevada	4,581	686	.0067
New Hampshire	9,503	1,101	.0086
New Jersey	33,772	14,494	.0023
New Mexico	23,981	1,548	.0155
New York	82,335	41,954	.0020
North Carolina	53,129	6,297	.0084
North Dakota	12,182	1,103	.0110
Ohio	90,474	20,409	.0044
Oklahoma	49,905	3,975	.0126
Oregon	39,766	3,556	.0112
Pennsylvania	57,914	23,617	.0025
Rhode Island	10,903	1,720	.0063
South Carolina	24,799	2,929	.0085
South Dakota	15,193	1,147	.0132
Tennessee	31,108	4,992	.0062
Texas	111,427	17,007	.0066
Utah	24,121	1,516	.0159
Vermont	7,030	649	.0108
Virginia	47,623	6,586	.0072
Washington	54,102	5,982	.0090
West Virginia	23,139	2,972	.0078
Wisconsin	58,230	7,624	.0076
Wyoming	6,705	668	.0100

TABLE 32

Ratio of Per Capita Expenditures for Public Institutions of Higher Education to Per Capita Income[1]
1952 Through 1958

State	1952			1953		
	Per capita income	Per capita expenditures for public higher education	Per cent expenditures are of income	Per capita income	Per capita expenditures for public higher education	Per cent expenditures are of income
Alabama	$ 1045	$ 8.15	.80	$ 1081	$ 7.75	.72
Arizona	1647	13.38	.81	1610	12.70	.79
Arkansas	967	7.36	.76	988	8.00	.81
California	2144	8.17	.38	2196	14.70	.67
Colorado	1804	14.38	.80	1735	13.61	.78
Connecticut	2334	6.77	.29	2418	6.95	.29
Delaware	2360	10.86	.46	2482	12.32	.50
Florida	1466	7.79	.53	1556	7.90	.51
Georgia	1208	7.14	.59	1246	7.67	.62
Idaho	1568	10.20	.65	1487	10.44	.70
Illinois	2085	7.38	.35	2185	7.46	.34
Indiana	1758	12.67	.72	1920	12.66	.66
Iowa	1617	10.90	.67	1546	13.04	.84
Kansas	1716	14.39	.84	1641	13.35	.81
Kentucky	1191	3.98	.33	1224	4.14	.34
Louisiana	1250	8.99	.72	1296	10.02	.77

[1] Sources: Expenditures derived from Compendium of State Government Finances, Years 1952-58, and income from U. S. Department of Commerce, U. S. Income and Output; Survey of Current Business, July, 1959.

Maine	$ 1452	$ 4.94	.34	$ 1455	5.14	.35
Maryland	1892	7.74	.41	1986	8.17	.41
Massachusetts	1919	2.08	.11	1963	2.20	.11
Michigan	1932	12.86	.67	2120	12.79	.60
Minnesota	1578	14.23	.90	1646	15.25	.93
Mississippi	851	5.42	.64	874	6.43	.74
Missouri	1664	4.56	.27	1721	5.09	.30
Montana	1780	12.52	.70	1786	17.87	1.00
Nebraska	1652	10.27	.62	1578	10.33	.65
Nevada	2339	8.33	.36	2357	8.95	.38
New Hampshire	1530	8.45	.55	1576	8.27	.52
New Jersey	2113	3.67	.17	2224	3.91	.18
New Mexico	1364	18.30	1.34	1394	17.33	1.24
New York	2087	3.01	.14	2150	3.24	.15
North Carolina	1149	10.66	.93	1165	9.36	.80
North Dakota	1222	14.78	1.21	1228	15.94	1.30
Ohio	1958	5.76	.29	2032	5.89	.29
Oklahoma	1398	17.95	1.28	1459	14.05	.96
Oregon	1824	11.54	.63	1811	10.25	.57
Pennsylvania	1790	3.08	.17	1892	3.11	.16
Rhode Island	1855	4.57	.25	1893	5.49	.29
South Carolina	1111	6.88	.62	1132	6.85	.61
South Dakota	1239	11.93	.96	1331	10.88	.82
Tennessee	1136	5.87	.52	1219	6.32	.52
Texas	1519	7.40	.49	1550	7.86	.51
Utah	1502	18.35	1.22	1528	19.78	1.29
Vermont	1403	2.29	.16	1441	1.87	.13
Virginia	1474	8.59	.58	1481	8.66	.58
Washington	1912	14.97	.78	1971	14.96	.76
West Virginia	1274	7.63	.60	1278	7.29	.57
Wisconsin	1751	10.33	.59	1770	11.02	.62
Wyoming	1841	15.67	.85	1861	13.67	.73

TABLE 32

State	1954			1955		
	Per capita income	Per capita expenditures for public higher education	Per cent expenditures are of income	Per capita income	Per capita expenditures for public higher education	Per cent expenditures are of income
Alabama	$ 1071	$ 6.91	.65	$ 1202	$ 8.33	.69
Arizona	1574	11.67	.74	1584	14.02	.89
Arkansas	1006	7.39	.73	1091	9.36	.86
California	2186	14.29	.65	2330	15.45	.66
Colorado	1694	17.86	1.05	1784	17.21	.96
Connecticut	2371	7.31	.31	2515	7.22	.29
Delaware	2422	19.53	.81	2649	13.43	.51
Florida	1533	7.85	.51	1665	8.41	.51
Georgia	1222	8.34	.68	1349	8.13	.60
Idaho	1484	10.56	.71	1506	11.64	.77
Illinois	2156	7.47	.35	2251	7.27	.32
Indiana	1796	13.68	.76	1903	14.84	.78
Iowa	1691	13.59	.80	1571	13.81	.88
Kansas	1697	12.62	.74	1679	13.96	.83
Kentucky	1221	4.16	.34	1264	4.90	.39
Louisiana	1302	10.35	.79	1361	12.20	.90
Maine	1434	6.14	.43	1578	6.27	.40
Maryland	1939	8.35	.43	1965	8.82	.45
Massachusetts	1937	2.09	.11	2086	2.80	.13
Michigan	1982	12.81	.65	2145	15.08	.70
Minnesota	1649	14.44	.88	1710	15.77	.92
Mississippi	875	7.53	.86	981	7.29	.74
Missouri	1712	4.80	.28	1805	5.64	.31
Montana	1733	15.49	.89	1844	13.40	.73

Nebraska	$ 1668	$ 13.24	.79	$ 1585	$ 12.80	.81
Nevada	2330	8.45	.36	2376	9.08	.38
New Hampshire	1620	8.97	.55	1722	9.93	.58
New Jersey	2215	4.33	.20	2305	5.74	.25
New Mexico	1417	15.18	1.07	1463	18.76	1.28
New York	2174	3.03	.14	2305	3.64	.16
North Carolina	1196	8.96	.75	1279	9.92	.78
North Dakota	1241	15.59	1.26	1365	13.80	1.01
Ohio	1931	6.42	.33	2070	7.50	.36
Oklahoma	1464	14.28	.98	1525	15.55	1.02
Oregon	1764	12.23	.69	1853	12.94	.70
Pennsylvania	1804	3.82	.21	1903	3.59	.19
Rhode Island	1852	5.62	.30	1955	5.34	.27
South Carolina	1071	7.81	.73	1134	11.28	.99
South Dakota	1360	12.27	.90	1266	12.43	.98
Tennessee	1213	6.42	.53	1279	7.86	.61
Texas	1581	7.83	.50	1640	8.01	.49
Utah	1498	19.31	1.29	1554	21.67	1.39
Vermont	1468	2.39	.16	1549	2.64	.17
Virginia	1508	8.87	.59	1569	9.15	.58
Washington	1961	14.88	.76	1990	15.53	.78
West Virginia	1224	7.39	.60	1316	8.53	.65
Wisconsin	1694	10.07	.59	1786	10.33	.58
Wyoming	1814	15.61	.86	1833	18.11	.99

TABLE 32

State	1956 Per capita income	1956 Per capita expenditures for public higher education	1956 Per cent expenditures are of income	1957 Per capita income	1957 Per capita expenditures for public higher education	1957 Per cent expenditures are of income
Alabama	$ 1254	$ 9.44	.75	$ 1324	$ 9.24	.70
Arizona	1684	17.95	1.07	1750	22.11	1.26
Arkansas	1123	10.53	.94	1151	10.84	.94
California	2461	16.32	.66	2523	19.74	.78
Colorado	1870	19.07	1.02	1996	24.75	1.24
Connecticut	2697	7.01	.26	2821	8.40	.30
Delaware	2844	15.20	.53	2740	15.03	.55
Florida	1755	9.48	.54	1836	10.62	.58
Georgia	1412	7.01	.50	1431	7.75	.54
Idaho	1616	11.28	.70	1630	14.13	.87
Illinois	2385	8.48	.36	2447	9.73	.40
Indiana	1977	17.41	.88	2010	22.64	1.13
Iowa	1641	15.98	.97	1806	18.35	1.02
Kansas	1717	16.15	.94	1787	17.11	.96
Kentucky	1339	6.44	.48	1372	8.00	.58
Louisiana	1454	14.45	.99	1566	14.97	.96
Maine	1641	7.28	.44	1663	8.63	.52
Maryland	2105	7.96	.38	2156	9.79	.45
Massachusetts	2236	2.62	.12	2335	3.25	.14
Michigan	2158	18.82	.87	2141	25.13	1.17
Minnesota	1767	16.31	.92	1850	19.08	1.03
Mississippi	964	7.74	.80	958	8.29	.87
Missouri	1905	6.66	.35	1940	6.38	.33
Montana	1871	19.36	1.06	1896	20.69	1.09

Nebraska	$ 1605	$ 14.60	.91	$ 1818	$ 15.19	.84
Nevada	2355	10.00	.42	2423	18.58	.77
New Hampshire	1785	10.58	.59	1862	12.59	.68
New Jersey	2408	7.76	.32	2504	6.29	.25
New Mexico	1535	26.12	1.70	1686	23.58	1.40
New York	2456	3.81	.16	2578	3.58	.14
North Carolina	1333	9.57	.72	1317	9.82	.75
North Dakota	1407	14.90	1.06	1435	18.91	1.32
Ohio	2184	8.72	.40	2255	9.00	.40
Oklahoma	1573	15.84	1.01	1619	19.94	1.23
Oregon	1934	14.30	.74	1914	19.38	1.01
Pennsylvania	2027	3.99	.20	2112	4.65	.22
Rhode Island	2000	5.87	.29	1990	8.00	.40
South Carolina	1157	9.40	.81	1180	8.45	.72
South Dakota	1307	13.12	1.00	1531	18.00	1.18
Tennessee	1347	7.54	.56	1383	8.43	.61
Texas	1714	9.87	.58	1791	10.30	.60
Utah	1619	24.44	1.51	1694	22.92	1.35
Vermont	1625	3.77	.23	1665	16.96	1.02
Virginia	1636	9.43	.58	1660	10.75	.65
Washington	2047	17.08	.83	2128	19.69	.93
West Virginia	1456	11.97	.82	1554	10.61	.68
Wisconsin	1872	11.71	.63	1920	11.99	.62
Wyoming	1927	20.06	1.04	2038	22.35	1.10

TABLE 32

State	1958		
	Per capita income	Per capita expenditures for public higher education	Per cent expenditures are of income
Alabama	$ 1359	$ 10.88	.80
Arizona	1932	24.28	1.26
Arkansas	1228	13.09	1.07
California	2559	24.87	.97
Colorado	2047	27.58	1.35
Connecticut	2817	10.42	.37
Delaware	2760	24.19	.88
Florida	1876	10.56	.56
Georgia	1487	8.89	.60
Idaho	1701	15.56	.91
Illinois	2435	10.93	.45
Indiana	1990	23.25	1.17
Iowa	1863	18.05	.97
Kansas	2001	19.63	.98
Kentucky	1397	8.40	.60
Louisiana	1576	18.87	1.20
Maine	1704	9.44	.55
Maryland	2221	11.06	.50
Massachusetts	2394	4.72	.20
Michigan	2099	28.10	1.34
Minnesota	1916	22.11	1.15
Mississippi	1053	9.92	.94
Missouri	2037	8.80	.43
Montana	1920	24.09	1.25

Nebraska	$ 1894	$ 14.75	.78
Nevada	2569	17.48	.68
New Hampshire	1885	16.58	.88
New Jersey	2521	6.01	.24
New Mexico	1838	29.50	1.61
New York	2585	5.10	.20
North Carolina	1384	11.88	.86
North Dakota	1697	20.36	1.20
Ohio	2184	9.83	.45
Oklahoma	1740	22.11	1.27
Oregon	2006	22.81	1.14
Pennsylvania	2127	5.26	.25
Rhode Island	1966	12.72	.65
South Carolina	1218	10.47	.86
South Dakota	1641	21.92	1.34
Tennessee	1439	9.04	.63
Texas	1814	12.14	.67
Utah	1753	28.72	1.64
Vermont	1745	19.00	1.09
Virginia	1674	12.44	.74
Washington	2160	19.85	.92
West Virginia	1509	11.79	.78
Wisconsin	1936	15.08	.78
Wyoming	2088	21.15	1.01

Table 33 demonstrates the average ratio of per capita expenditures for public institutions of higher education to per capita income in each state for 1952 through 1958. The average ratios for this seven-year period indicate considerable variation among the states, ranging from .13 for Massachusetts to 1.38 for New Mexico and Utah. California, characterized by an average ratio of .68, falls close to the mid-point on this scale of states. On the basis of these measurements, it appears that twenty-four states surpass California in relative effort to support public higher education.

It should be noted, however, that only state support for public higher education is included in deriving expenditures used in computing these ratios. If local funds which provide about 70 per cent of the support for junior colleges were added to these expenditures, California's ranking among the states in Table 33 would be raised.

TABLE 33

Ranking of States According to the Per Cent Per Capita Expenditures for Higher Education Are of Per Capita Income Average of Years 1952 Through 1958

State	Per cent	State	Per cent
New Mexico	1.38	CALIFORNIA	.68
Utah	1.38		
North Dakota	1.19	West Virginia	.67
Oklahoma	1.11	Wisconsin	.63
		New Hampshire	.62
Colorado	1.03	Delaware	.61
South Dakota	1.03		
Arizona	.97	Tennessee	.61
Minnesota	.96	Virginia	.61
		Georgia	.59
Montana	.96	Texas	.55
Wyoming	.94		
Louisiana	.90	Florida	.53
Iowa	.88	Nevada	.48
		Maine	.43
Arkansas	.87	Maryland	.43
Indiana	.87		
Kansas	.87	Vermont	.42
Michigan	.86	Illinois	.37
		Kentucky	.37
Washington	.82	Ohio	.36
Mississippi	.80		
North Carolina	.80	Rhode Island	.35
Oregon	.78	Missouri	.32
		Connecticut	.30
Nebraska	.77	New Jersey	.23
Idaho	.76		
South Carolina	.76	Pennsylvania	.20
Alabama	.73	New York	.16
		Massachusetts	.13

TABLE 34

State Tax Collection as a Per Cent of Total Personal Income[1] 1955 Through 1958

State	1955			1956		
	State tax collection (in thousands of dollars)	State personal income (in millions of dollars)	State tax as per cent of personal income	State tax collection (in thousands of dollars)	State personal income (in millions of dollars)	State tax as per cent of personal income
Alabama	$ 175,796	$ 3,708	4.7	$ 237,375	$ 3,932	6.0
Arizona	85,773	1,633	5.3	106,208	1,854	5.7
Arkansas	113,639	1,933	5.9	123,590	2,006	6.2
California	1,513,729	30,224	5.0	1,740,078	33,273	5.2
Colorado	135,258	2,783	4.9	145,475	3,064	4.8
Connecticut	196,927	5,556	3.5	230,691	6,102	3.8
Delaware	42,346	1,049	4.0	51,313	1,204	4.3
Florida	302,700	6,088	5.0	345,713	6,979	5.0
Georgia	252,913	4,918	5.1	315,323	5,274	6.0
Idaho	42,532	917	4.6	52,060	1,024	5.1
Illinois	598,504	20,968	2.9	709,059	22,857	3.1
Indiana	277,210	8,251	3.4	311,729	8,859	3.5
Iowa	201,880	4,260	4.7	235,276	4,572	5.1
Kansas	153,804	3,458	4.4	170,268	3,641	4.7
Kentucky	179,922	3,782	4.8	193,374	4,022	4.8
Louisiana	317,102	3,985	8.0	353,363	4,424	8.0

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[1] Sources: State tax collection data are derived from U. S. Department of Commerce, *Compendium of State Government Finances*, years 1955-58, and personal income data from U. S. Department of Commerce, *U. S. Income and Output*.

Maine	$ 65,989	$ 1,452	4.5	$ 74,163	$ 1,532	4.8
Maryland	209,947	5,453	3.9	266,477	5,998	4.4
Massachusetts	416,272	10,056	4.1	457,635	10,719	4.3
Michigan	707,572	15,785	4.5	819,841	16,587	4.9
Minnesota	258,950	5,450	4.8	301,253	5,768	5.2
Mississippi	130,184	2,065	6.3	156,478	2,097	7.5
Missouri	242,017	7,579	3.2	279,372	8,082	3.5
Montana	45,217	1,158	3.9	53,108	1,229	4.3
Nebraska	71,666	2,203	3.3	78,255	2,294	3.4
Nevada	24,226	582	4.2	33,596	605	5.6
New Hampshire	33,386	952	3.5	37,812	1,006	3.8
New Jersey	320,213	12,351	2.6	348,429	13,379	2.6
New Mexico	83,630	1,159	7.2	93,384	1,257	7.4
New York	1,402,716	36,508	3.8	1,557,587	39,023	4.0
North Carolina	331,782	5,535	6.0	274,935	5,902	4.7
North Dakota	48,065	872	5.5	52,554	917	5.7
Ohio	628,175	18,579	3.4	689,291	19,901	3.5
Oklahoma	217,667	3,341	6.5	237,586	3,572	6.7
Oregon	141,390	3,139	4.5	175,093	3,398	5.2
Pennsylvania	728,632	20,706	3.5	859,309	22,410	3.8
Rhode Island	70,121	1,617	4.3	83,335	1,677	5.0
South Carolina	167,160	2,604	6.4	189,144	2,711	7.0
South Dakota	41,239	861	4.8	49,464	926	5.3
Tennessee	224,892	4,347	5.2	273,825	4,656	5.9
Texas	505,350	14,380	3.5	642,020	15,422	4.2
Utah	59,157	1,242	4.8	73,426	1,354	5.4
Vermont	28,916	567	5.1	34,112	606	5.6
Virginia	212,693	5,603	3.8	234,747	6,094	3.9
Washington	329,232	5,211	6.3	370,808	5,507	6.7
West Virginia	133,629	2,586	5.2	154,769	2,878	5.4
Wisconsin	286,498	6,615	4.3	353,729	7,137	5.0
Wyoming	32,136	570	5.6	34,675	614	5.6

TABLE 34

State	1957			1958		
	State tax collection (in thousands of dollars)	State personal income (in millions of dollars)	State tax as per cent of personal income	State tax collection (in thousands of dollars)	State personal income (in millions of dollars)	State tax as per cent of personal income
Alabama	$ 248,794	$ 4,201	5.9	$ 248,112	$ 4,364	5.7
Arizona	114,522	2,019	5.7	120,308	2,203	5.5
Arkansas	132,006	2,064	6.4	148,074	2,168	6.8
California	1,854,419	35,290	5.3	1,880,637	36,692	5.1
Colorado	159,332	3,357	4.7	171,961	3,503	4.9
Connecticut	254,575	6,478	3.9	244,761	6,524	3.8
Delaware	47,809	1,216	3.9	56,200	1,253	4.5
Florida	391,589	7,733	5.1	451,525	8,334	5.4
Georgia	337,158	5,441	6.2	339,485	5,678	6.0
Idaho	54,712	1,068	5.1	57,259	1,126	5.1
Illinois	777,901	23,856	3.3	808,928	24,076	3.4
Indiana	333,477	9,231	3.6	404,420	9,118	4.4
Iowa	256,442	5,116	5.0	245,605	5,258	4.7
Kansas	169,639	3,843	4.4	178,982	4,234	4.2
Kentucky	225,337	4,177	5.4	231,493	4,303	5.4
Louisiana	392,700	4,854	8.1	401,543	4,901	8.2
Maine	79,072	1,573	5.0	86,755	1,622	5.3
Maryland	269,605	6,323	4.3	270,661	6,566	4.1
Massachusetts	482,030	11,322	4.3	478,119	11,641	4.1
Michigan	867,676	16,893	5.1	907,812	16,507	5.5

Minnesota	$ 309,130	$ 6,158	5.0	$ 335,647	$ 6,468	5.2
Mississippi	167,974	2,121	7.9	173,363	2,302	7.5
Missouri	292,931	8,364	3.5	305,395	8,702	3.5
Montana	56,802	1,274	4.5	60,373	1,321	4.6
Nebraska	79,847	2,635	3.0	87,076	2,759	3.2
Nevada	39,674	647	6.1	41,634	686	6.1
New Hampshire	39,429	1,066	3.7	40,994	1,101	3.7
New Jersey	378,862	14,220	2.7	392,809	14,494	2.7
New Mexico	101,689	1,398	7.3	110,735	1,548	7.2
New York	1,653,828	41,078	4.0	1,760,789	41,954	4.2
North Carolina	398,644	5,954	6.7	405,506	6,297	6.4
North Dakota	54,321	940	5.8	58,539	1,103	5.3
Ohio	732,691	20,819	3.5	753,325	20,409	3.7
Oklahoma	246,048	3,734	6.6	255,856	3,975	6.4
Oregon	211,425	3,430	6.2	203,146	3,556	5.7
Pennsylvania	1,159,119	23,580	4.9	1,033,512	23,617	4.4
Rhode Island	88,178	1,696	5.2	94,598	1,720	5.5
South Carolina	196,326	2,813	7.0	196,226	2,929	6.7
South Dakota	44,381	1,098	4.0	46,716	1,147	4.1
Tennessee	297,547	4,841	6.1	297,420	4,992	6.0
Texas	691,168	16,436	4.2	693,526	17,007	4.1
Utah	82,126	1,462	5.6	85,051	1,516	5.6
Vermont	37,474	634	5.9	39,717	649	6.1
Virginia	327,160	6,342	5.2	265,763	6,586	4.0
Washington	395,911	5,815	6.8	411,338	5,982	6.9
West Virginia	168,335	3,901	5.4	173,122	2,972	5.8
Wisconsin	382,722	7,484	5.1	398,026	7,624	5.2
Wyoming	35,298	646	5.5	37,943	668	5.7

TABLE 35

State Tax Collection as a Per Cent of Total Personal Income[1] 1955 Through 1958

State	1955	1956	1957	1958	Average 1955-58
Alabama	4.7	6.0	5.9	5.7	5.8
Arizona	5.3	5.7	5.7	5.5	5.6
Arkansas	5.9	6.2	6.4	6.8	6.3
CALIFORNIA	5.0	5.2	5.3	5.1	5.2
Colorado	4.9	4.8	4.7	4.9	4.8
Connecticut	3.5	3.8	3.9	3.8	3.8
Delaware	4.0	4.3	3.9	4.5	4.2
Florida	5.0	5.0	5.1	5.4	5.4
Georgia	5.1	6.0	6.2	6.0	5.8
Idaho	4.6	5.1	5.1	5.1	5.0
Illinois	2.9	3.1	3.3	3.4	3.2
Indiana	3.4	3.5	3.6	4.4	3.7
Iowa	4.7	5.1	5.0	4.7	4.9
Kansas	4.4	4.7	4.4	4.2	4.4
Kentucky	4.8	4.8	5.4	5.4	5.1
Louisiana	8.0	8.0	8.1	8.2	8.1
Maine	4.5	4.8	5.0	5.3	4.9
Maryland	3.9	4.4	4.3	4.1	4.2
Massachusetts	4.1	4.3	4.3	4.1	4.2
Michigan	4.5	4.9	5.1	5.5	5.0
Minnesota	4.8	5.2	5.0	5.2	5.1
Mississippi	6.3	7.5	7.9	7.5	7.3
Missouri	3.2	3.5	3.5	3.5	3.4
Montana	3.9	4.3	4.5	4.6	4.3
Nebraska	3.3	3.4	3.0	3.2	3.2
Nevada	4.2	5.6	6.1	6.1	5.5
New Hampshire	3.5	3.8	3.7	3.7	3.7
New Jersey	2.6	2.6	2.7	2.7	2.7

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[1] Sources: State tax collection data are derived from U. S. Department of Commerce, Compendium of State Government Finances, years 1955-58, and personal income data from U. S. Department of Commerce, U. S. Income and Output.

TABLE 35

State	1955	1956	1957	1958	Average 1955-58
New Mexico	7.2	7.4	7.3	7.2	7.3
New York	3.8	4.0	4.0	4.2	4.0
North Carolina	6.0	4.7	6.7	6.4	6.0
North Dakota	5.5	5.7	5.8	5.3	5.6
Ohio	3.4	3.5	3.5	3.7	3.5
Oklahoma	6.5	6.7	6.6	6.4	6.6
Oregon	4.5	5.2	6.2	5.7	5.4
Pennsylvania	3.5	3.8	4.0	4.4	4.2
Rhode Island	4.3	5.0	5.2	5.5	5.0
South Carolina	6.4	7.0	7.0	6.7	6.8
South Dakota	4.8	5.3	4.0	4.1	4.6
Tennessee	5.2	5.9	6.1	6.0	5.8
Texas	3.5	4.2	4.2	4.1	4.0
Utah	4.0	5.4	5.6	5.6	5.4
Vermont	5.1	5.6	5.9	8.1	5.7
Virginia	3.8	3.9	5.2	4.0	4.2
Washington	6.3	6.7	6.8	6.9	6.7
West Virginia	5.2	5.4	5.4	5.8	5.5
Wisconsin	4.3	5.0	5.1	5.2	4.9
Wyoming	5.6	5.6	5.5	5.7	5.6

TABLE 36

Ranking of States According to the Per Cent State
Tax Collections Are of Total Personal Incomes
Average of Years 1955 Through 1958

State	Per cent	State	Per cent
Louisiana	8.1	Idaho	5.0
Mississippi	7.3	Michigan	5.0
New Mexico	7.3	Rhode Island	5.0
South Carolina	6.8	Iowa	4.9
Washington	6.7	Maine	4.9
Oklahoma	6.6	Wisconsin	4.9
Arkansas	6.3	Colorado	4.8
North Carolina	6.0	South Dakota	4.6
Georgia	5.8	Kansas	4.4
Tennessee	5.8	Montana	4.3
Vermont	5.7	Delaware	4.2
Alabama	5.6	Maryland	4.2
Arizona	5.6	Massachusetts	4.2
North Dakota	5.6	Pennsylvania	4.2
Wyoming	5.6	Virginia	4.2
Nevada	5.5	New York	4.0
West Virginia	5.5	Texas	4.0
Florida	5.4	Connecticut	3.8
Oregon	5.4	Indiana	3.7
Utah	5.4	New Hampshire	3.7
		Ohio	3.5
CALIFORNIA	5.2	Missouri	3.4
		Illinois	3.2
Kentucky	5.1	Nebraska	3.2
Minnesota	5.1	New Jersey	2.7

PART IV

FISCAL CAPACITY OF THE STATE OF CALIFORNIA TO FINANCE PUBLIC HIGHER EDUCATION

Summary

This report has dealt with (1) projections of estimated revenues to the General Fund of the State of California, on the basis of the tax structure as revised by the 1959 session of the California State Legislature, (2) projections of estimated expenditures for other claimants on the General Fund besides public higher education, on the basis of no changes in the scope and quality of service rendered, and (3) some measures of the relative fiscal effort of the several states in their financial support of public higher education.

The fiscal capacity of the State rests basically upon the personal income received within the State, and income is directly related to the working population and the income aspects of their work. Population projections rest upon Department of Finance data. Projection of personal incomes has been made on two bases, giving two series of varying magnitude. In response to the request of the Master Plan Survey Team for a statement of preference between these estimates, the Technical Committee is inclined to favor the maximum estimate, perhaps mentally shading it somewhat to allow for the effects of some degree of possible unemployment. Full employment of seventy-four per cent of the estimated civilian population twenty to sixty-four years of age is assumed, with a 2.5 per cent annual productivity increase compounded into the projection. If this projection of income is realized, personal income will have grown, in 1958 dollars, to a total of $94,500,000,000 by 1975, approximately two and one-half times the 1959 estimate.

General Fund Consideration

Since the General Fund is the source of the State funds for public higher education in California, the projections of revenues and expenditures have been held within the framework of the General Fund. Capital outlay presents a special problem. It has in the main not been financed from the General Fund, but from special funds, reserves, bond issues, etc. Therefore, projections of the burden of capital outlay on the General Fund have not been made for this item. It is the prerogative of the Legislature to determine the policy of the source of capital outlay funds, and to determine whether or not such funds should be regularized on an annual basis from current revenues. Until the Legislature changes its present policy on capital outlay, the Technical Committee regards it to be outside its province to treat this as a General Fund item and make projections on that basis.

While a portion of the support for public junior colleges in California comes from the property tax, this has not been dealt with for two reasons. First, property taxes are not a source of revenue for the General Fund of the State of California. Second, because many of the junior colleges are a part of unified districts, it is impossible to differentiate clearly those data applying only to junior colleges.

Projected revenues to the General Fund, on the basis of the preferred income series, range from approximately $1,500,000,000 in fiscal year 1960-61, to approximately $3,500,000,000 in fiscal year 1974-75.

The estimated expenditures from the General Fund for State operations and local assistance have been made on the basis of the present scope and quality of the relevant services. Excluding State expenditures for public higher education, these range from approximately $1,300,000,000 in fiscal year 1960-61, to approximately $3,000,000,000 in fiscal year 1974-75.

If the revenue projections based on the preferred series are realized with no change in the tax structure, and estimated expenditures other than for public higher education approximate projections, by 1974-75 there will be approximately $500,000,000 available for public higher education from the General Fund of the State of California. This amount is not greatly different from the amount that would be yielded by maintenance of the 1957-58 share (13.38 per cent) of the General Fund devoted to public higher education.

Relative Economic Effort of the States in Financing Public Higher Education.

The fundamental source from which states finance their public expenditures is the income received in those states, whether or not the taxes are levied directly upon income as such. For this reason, relationships to income have been stressed in making comparisons of relative economic effort in financing public higher education.

A large number of the states allocate a higher proportion of income to public higher education than does California. Using an average of the years 1952 through 1958, thirty-three states exceed California, some by nearly three times. In fact, a doubling of the percentage by California for that period would have left nine states above California, all of the nine being west of the Mississippi River. Many, but not all, of the states with relatively low proportions are states in which independent institutions play a highly important role.

Per capita comparisons are another way of approaching this problem. An average of the years 1952 through 1958 shows twenty-four states with a higher per capita expenditure for public higher education, as compared with per capita income, than California. The per cent in the case of California is approximately one-half that of the states with the higher per cent. These latter comparisons dealing with relative effort include capital outlays for public higher education.

Another measure which should be of interest may be found in state tax collections as a per cent of total personal income. An average of the years 1955 through 1958 was used. On this basis twenty states ranked higher than California, some higher by a very marked degree.

It is suggested that the capacity of the State of California to support public higher education has three basic elements:

1. The size of the stream of income from which such support must be drawn. For California, this is a large and steadily growing stream.

2. The efficiency and effectiveness of the tax instruments by which this support is realized.

3. The will of the people of the State to devote adequate funds to this purpose.